

# BUSINESS WEEK

DEC 6 1947



Morris Sayre: For 1948, a critical food year, N. A. M. picks its leader from the food industry (page 6)

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# The "soul-less corporation"

versus

# the "benevolent government"

**T**HERE ARE PEOPLE (some actually posing as Americans) who tell you how much better off you would be if corporations were not run for profit but everything were run by the government for the benefit of the people.

Let's see. Here are the facts about your condition under our system of profit compared to one of the large countries where everything is operated by and for the people:

1. In America a pair of shoes costs \$7. Of that, 35¢ is profit, \$1.75 of it is taxes . . . In "Country X" a poorer pair of shoes costs \$70—10 times as much. Of that, \$49 is taxes and \$10.50 is profit for the government!
2. An American workman has to

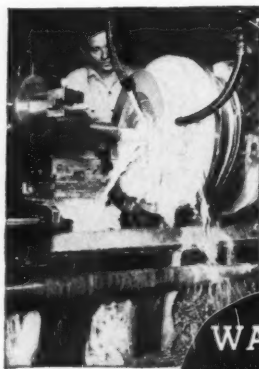
work about 6 hours to earn a pair of shoes. In "Country X" you would have to work 30 days!

3. We think we're being imposed on if we have to pay a sales tax of 3% on a loaf of bread. In "Country X" the people pay a tax of 75% on bread, 62% on soap, 82% on salt and comparable taxes on everything they buy.

4. In America you can earn your family's food in 3 hours. In "Country X" you have to work 9 hours for much less and poorer food.

Remember these figures when you hear people rail against corporation profits and praise benevolent governments run "for the benefit of the people."

For the benefit of what people?



**WARNER  
&  
SWASEY**  
Machine Tools  
Cleveland

YOU CAN MACHINE IT BETTER, FASTER, FOR LESS WITH WARNER & SWASEY TURRET LATHES, MULTIPLE SPINDLE AUTOMATICS AND TAPPING MACHINES



# People gather every week...

They spend more time listening to Radio than doing anything else except sleeping and working; more time listening this year than ever before!

and CBS leads *all* Radio in reaching them effectively.

Wholly independent, impartial data show that CBS reaches listeners *at less cost than any other network.*

This is confirmed in two different ways:

By counting the actual cost of reaching listeners on all networks throughout the broadcasting day.

*The second, third and fourth most effective networks average only 82% of the efficiency of CBS in delivering audiences for each advertising dollar expended in the evening—and only 77% of CBS' efficiency in the daytime.*

In the judgment of the great companies who use Radio *most* and know it best: the 100 largest Radio advertisers.

*More of these advertisers use CBS*

*—and more of them choose CBS exclusively — than any other network.*

*They have done so consistently for the past 10 years.*

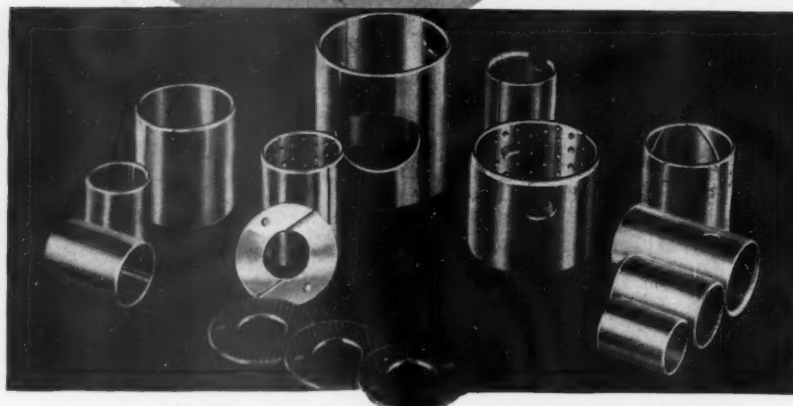
They come to the vast market-place created by CBS programs, carried to the nation 17 hours a day every day of the year by the coast-to-coast network of CBS stations.

And they find waiting for them there 99,000,000 men, women and children (over 10 years old) listening *each week* — more listeners than ever before in CBS history — ranging the complete scale of America.

The detailed, factual data which support all the statistical summaries in this message are available on your request.

**COLUMBIA BROADCASTING SYSTEM**

*—where 99,000,000 people gather every week*



● You need not experience costly delays in securing thin wall bearings and bushings. Here at Johnson Bronze, we are equipped to furnish promptly your requirements, made to your specifications . . . and within a period of days, not weeks.

Johnson Bronze bearings assure you of top quality in materials and workmanship. We produce them in rolled sheet bronze . . . bronze on steel . . . babbitt on steel. Our facilities for manufacturing thin wall bearings are complete . . . our help is skilled . . . and our experience dates back forty years.

If we can assist you in better delivery or improved quality . . . write, wire or call today.

**JOHNSON BRONZE COMPANY**  
720 S. Mill St. New Castle, Pa.



## BUSINESS WEEK

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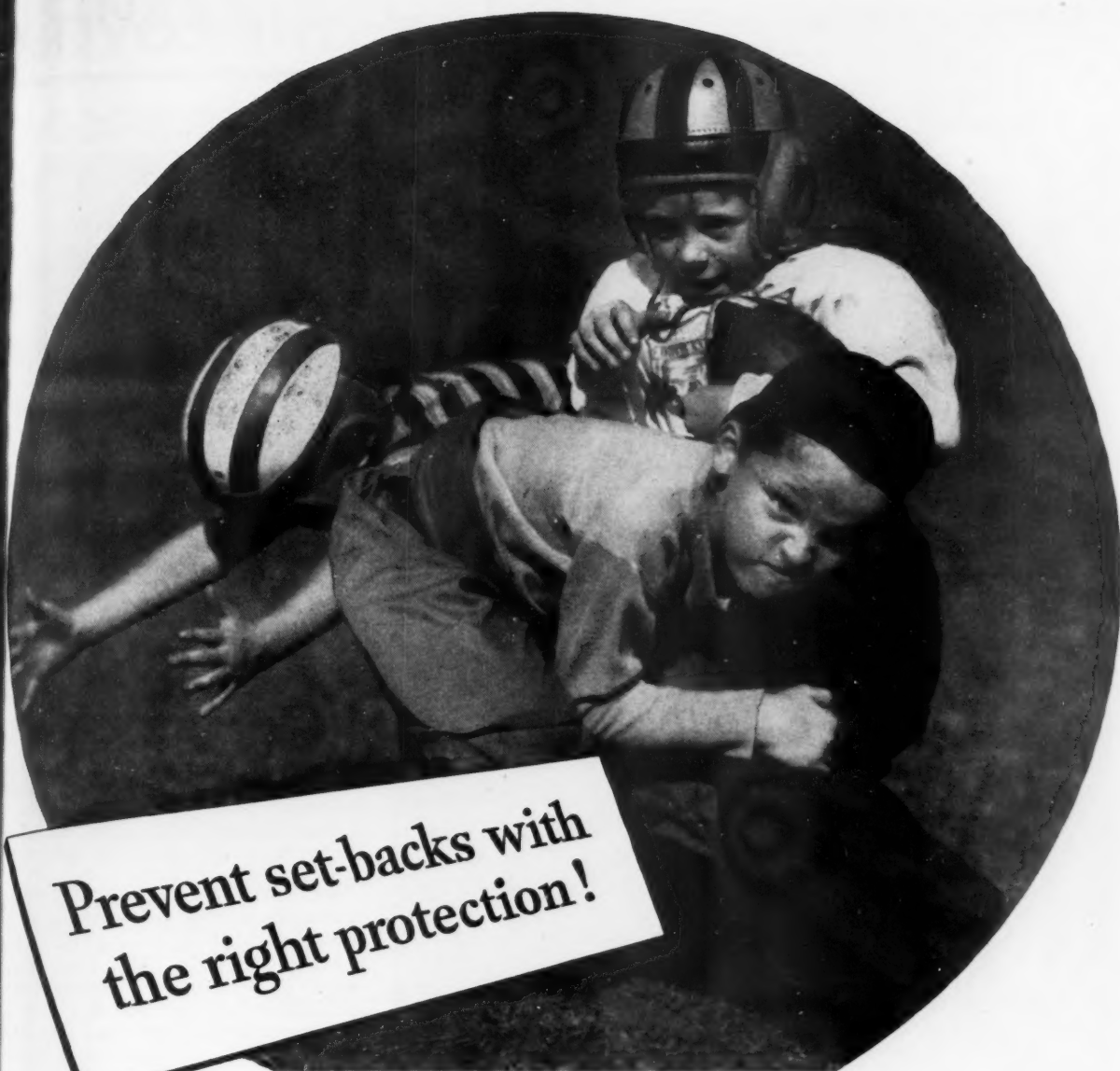
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**Prevent set-backs with  
the right protection!**

*The Policy Back of the Policy—Our way of doing business  
that makes your interests our first consideration*

**D**OWN goes Johnny! His interference meant to stop that tackler. But good intentions aren't enough.

That goes for your own business, also. To protect your people, to avoid costly set-backs, you need to eliminate whatever causes accidents. Essential, too, is sound workmen's compensation and liability insurance. Your Hardware Mutuals representative is specially trained to help provide the full protection you need—however large or small your business. Our Safety Engineering Service is designed to boost production, lower costs, through accident prevention.

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*Non-assessable Casualty and Fire Insurance for your  
AUTOMOBILE . . . HOME . . . BUSINESS*

# Hardware Mutuals

## FEDERATED HARDWARE MUTUALS

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Mutual Implement and Hardware Insurance Company, Home Office, Owatonna, Minnesota*

## HARDWARE MUTUAL CASUALTY COMPANY

*Home Office, Stevens Point, Wisconsin*

# CLARK

## STILL GOING STRONG after 25 busy years

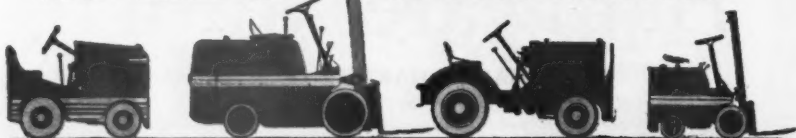
*"Our Clark Tructractors have been in steady operation for 25 years and are still in very good condition"—says*

Cranford G. Blount, Secretary  
CRANFORD COMPANY, INC.  
Brooklyn

Records of this kind are no surprise to the men who build Clark Tructractors, Fork Trucks and Towing Tractors.

All Clark's wealth of experience in solving material handling problems is quickly at your service through a nation-wide organization of competent men. Consult Clark.

## CLARK GAS OR ELECTRIC POWERED FORK TRUCKS AND INDUSTRIAL TOWING TRACTORS



CLARK EQUIPMENT COMPANY, TRUCTRACTOR DIVISION, BATTLE CREEK, MICHIGAN  
REPRESENTATIVES IN PRINCIPAL CITIES THROUGHOUT THE WORLD

## THE COVER

Morris Sayre's election to the presidency of the National Assn. of Manufacturers puts emphasis on the virtue of understatement. Sayre is a quiet, confident executive who believes that honest persuasion is a better weapon than angry contention. As president of the huge Corn Products Refining Co., Sayre has always displayed a Christian charity toward the opinions and prejudices of the other fellow. His policy has helped fuse the management of Corn Products into a great industrial force he can be counted on now to solidify the strong personalities of the N.A.M. into an even more effective group.

• **Dividend**—Sayre's election yields N.A.M. an extra—though a sentimental—dividend. The nation's farmers regard Corn Products with respect as a major commercial consumer of their crops. Corn purchases represented 60% of the company's production costs during the first quarter of 1947. Hence the farmer is Sayre's mighty good friend. An individualist himself, the farmer becomes an important ally in the N.A.M.'s battle to preserve America's independence from autocratic political theories.

Sayre's elevation in N.A.M. means a year of extra hard work. His predecessor, Earl Bunting, during 12 months in office traveled 70,000 miles, made 200 speeches, held scores of conferences with all sorts of groups.

• **Career**—Sayre went to work for Corn Products in 1908 after studying at the University of Richmond (Va.) and Lehigh University. His career began with a \$75-a-month job washing boilers.

Today he keeps his office open to any man's complaints and his mind open to any man's ideas. Sayre's lank six feet seem immune to fatigue, and his knack of relaxing keeps him alert mentally.

• **Interests**—The new N.A.M. head has plenty of nonbusiness interests. He learned to love fishing and sailing on Chesapeake Bay. He reads a lot, travels whenever possible, indulges in photography and carpentry. Much of his time is devoted to nonprofit organizations.

While working in La Grange, Ill., he was elected mayor and became senior warden of the Episcopal church. As head of a committee that rebuilt this church when it burned, Sayre took up the study of religious architecture. He is now considered an authority on the subject. His sensitivity to spiritual values is evident in his church work at Montclair, N. J., his present home town. Despite his modesty, his flair for leadership comes out during Sunday services. In the singing of hymns, Sayre's baritone can be heard above the rest of the congregation.



# R BUSINESS OUTLOOK

BUSINESS WEEK

SEPTEMBER 6, 1947

SERVICE

Washington experts now say that total U. S. production—gross national product—will be hitting \$235-billion at year-end.

That's a breathtaking figure. It represents a cool \$16-billion jump over the rate at the end of 1946.

There's a catch in it, though. While the dollar value of our output of goods and services has gained about 8% this year, the physical volume has edged up less than 5%. The difference is price inflation.

Don't let all the talk about the Marshall Plan take your eye off the figure that really counts in the makeup of national production. The thing that is putting the steam in the current boom is not exports but new investment—mainly business spending.

"Gross private domestic investment" in the third quarter was at an annual rate of \$30.4-billion. Gross national product was then running at \$232.3-billion. "Net foreign investment"—the surplus of exports over imports—was at the rate of only \$7.7-billion.

As long as investment keeps on at this clip, the economy will be able to ride out minor adjustments. That was how we pulled through the shakedown in the soft goods lines last spring.

If investment starts to drop anytime soon, watch out for trouble.

The big question now is where business is going to get the money to pay for its expansion programs (BW-Nov. 15 '47, p9).

Corporations already have dug deeply into their accumulated reserves. Few of them can plow back current earnings fast enough to support the present rate of growth. Hence, most companies will need outside financing to pay for new investment.

That's why developments in the money markets from here on will mean a lot to every businessman.

The securities markets don't offer much encouragement to the man with a new issue to sell.

Bonds have been going down jerkily. There is no sign that they have reached bottom yet.

As long as bonds are weak, the stock market will have a hard time getting a real recovery under way. Company after company has given up plans for a new stock issue in the past couple of months.

Congress probably will not give the Federal Reserve Board any additional power to regulate bank loans and reserves. But government policies will put a damper on new credit just the same.

The Reserve Board can keep the government bond market on the anxious bench. And that will be an indirect restraint on all credit.

Already, the government's higher interest rate policy has pushed some of the long-term Treasuries down close to par.

The money managers don't intend to let the government bonds break par. But there's always a chance that they could let their foot slip.

The inventory boom is still going strong.

Manufacturers' inventories bounced up another \$350-million in October. The total now stands at \$23.4-billion, a new high.

And yet there isn't a factory manager who will admit that he has more

# BUSINESS OUTLOOK (Continued)

**BUSINESS WEEK**

**DECEMBER 6, 1947**

on hand than the absolute minimum for production. Every company insists that it is buying on a hand-to-mouth basis, that it is holding stocks down to bedrock.

One explanation is that even a big inventory doesn't last long at present production rates. But it's also likely that a good many companies built up their stocks a bit when they saw another round of price increases getting under way.

Textile producers have made a fast comeback since their slump last spring. But they still are running under 1946 levels.

October cotton consumption was 825,216 bales. In October, 1946, it was 933,615 bales.

September wool consumption was 13% under 1946.

Cotton textile prices have started moving up again quietly. Buyers aren't making much fuss about it now. But if the Christmas retail trade falls short of expectations, they will change their tone in a hurry.

Changing the signals in the Mexican foot-and-mouth disease control program will make a dent in the U. S. meat supply. And incidentally, it will also make a dent in Mexico's supply of dollars.

The U. S. has agreed to switch to a vaccination and quarantine campaign instead of the present slaughter program. This postpones indefinitely resumption of normal cattle trade with Mexico.

Ordinarily, about 500,000 head of Mexican cattle come into the U. S. each year for grass feeding. They represent 15% to 20% of the dollar value of all Mexican exports to the U. S.

Tire prices are going up again. This week the rubber industry's Big Four marked up the tag on the popular 6.00 x 16 tire. This size accounts for about 60% of the passenger car business, on a unit basis.

In the process, the Big Four broke the solid front that it has maintained since prewar days in pricing the 6.00 x 16.

Firestone, U. S. Rubber, and Goodyear boosted their price from \$14.40 to \$15.25. B. F. Goodrich refused to go that far. Its new list price for the 6.00 x 16 is \$14.95.

The trade figures that Goodrich wants to play it cagey. It is keeping its price under \$15 so that it can compete better with the mail-order and chain-store brands. Ordinarily, these run about 10% under the manufacturer brand prices.

Manufacturers who make items that are supposed to sell for a nickel have more than their share of worries these days. Most of them want to increase prices to cover extra costs, but they don't know how to do it. A dime is too much. Anything between a dime and a nickel gets them into the multiple coin problem, a sure sales-killer for small items.

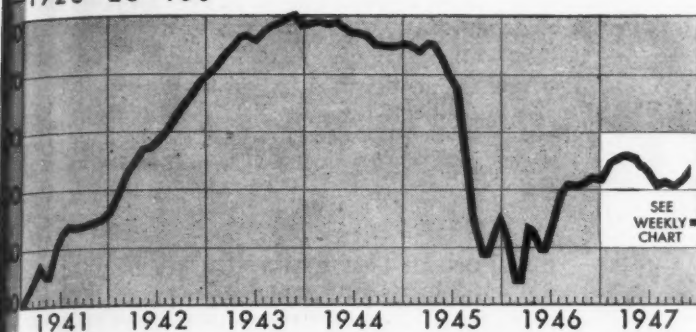
One soft-drink manufacturer has figured out an answer—issue a new coin 7½¢ in value.

This isn't just a pipe dream. Vending machine companies, transit lines, 5-and-10 stores will be approached to see if they will give the idea their support.

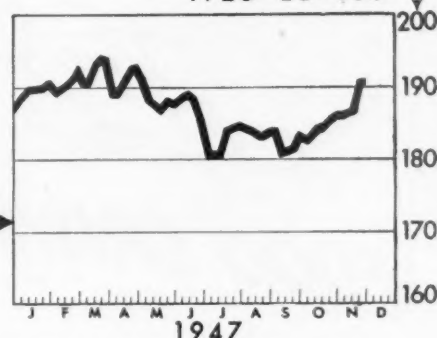
So don't be surprised if some day the panhandlers ask you: "Buddy, can you spare 7½¢ for a cup of coffee?"

# FIGURES OF THE WEEK

1923-25=100



1923-25=100



## Business Week Index (above) . . . . .

% Latest Week	Preceding Week	Month Ago	Year Ago	1941 Average
*191.2	†190.9	186.4	178.5	162.2

### PRODUCTION

Steel ingot operations (% of capacity).....	97.7	96.3	96.1	60.2	97.3
Production of automobiles and trucks.....	82,932	†115,197	107,240	72,222	98,236
Engineering const. awards (Eng. News-Rec. 4-week daily av. in thousands)....	\$25,699	\$21,562	\$17,939	\$14,272	\$19,433
Electric power output (million kilowatt-hours).....	4,983	5,180	5,009	4,448	3,130
Crude oil (daily average, 1,000 bbls.).....	5,257	5,275	5,274	4,795	3,842
Bituminous coal (daily average, 1,000 tons).....	2,150	2,172	2,106	1,078	1,685

### TRADE

Miscellaneous and L.C.L. carloadings (daily average, 1,000 cars).....	89	88	93	90	86
All other carloadings (daily average, 1,000 cars).....	61	59	66	45	52
Money in circulation (millions).....	\$28,725	\$28,595	\$28,519	\$28,815	\$9,613
Department store sales (change from same week of preceding year).....	+8%	+11%	+7%	+41%	+17%
Business failures (Dun & Bradstreet, number).....	72	79	70	24	228

### PRICES (Average for the week)

Spot commodity index (Moody's, Dec. 31, 1931=100).....	458.7	†454.9	445.0	375.2	198.1
Industrial raw materials (U. S. Bureau of Labor Statistics, Aug., 1939=100)...	294.3	293.4	289.0	258.0	138.5
Domestic farm products (U. S. Bureau of Labor Statistics, Aug., 1939=100)...	409.3	†399.1	387.4	312.1	146.6
Finished steel composite (Steel, ton).....	\$76.09	\$76.09	\$75.41	\$64.45	\$56.73
Scrap steel composite (Iron Age, ton).....	\$40.25	\$40.58	\$41.50	\$25.00	\$19.48
Copper (electrolytic, Connecticut Valley, lb.).....	21.500¢	21.500¢	21.500¢	19.500¢	12.022¢
Wheat (Kansas City, bu.).....	\$3.09	\$3.00	\$2.95	\$2.12	\$0.99
Sugar (raw, delivered New York, lb.).....	6.32¢	6.32¢	6.32¢	5.57¢	3.38¢
Cotton (middling, ten designated markets, lb.).....	35.64¢	†34.824¢	32.21¢	30.96¢	13.94¢
Wool tops (New York, lb.).....	\$1.840	†\$1.835	\$1.820	\$1.618	\$1.281
Rubber (ribbed smoked sheets, New York, lb.).....	22.50¢	23.50¢	23.00¢	22.50¢	22.16¢

### FINANCE

40 stocks, price index (Standard & Poor's Corp.).....	119.2	†121.3	122.3	116.0	78.0
Medium grade corporate bond yield (30 Baa issues, Moody's).....	3.49%	3.45%	3.40%	3.19%	4.33%
High grade corporate bond yield (30 Aaa issues, Moody's).....	2.82%	2.80%	2.72%	2.61%	2.77%
Call loans renewal rate, N. Y. Stock Exchange (daily average).....	14-14½%	14-14½%	14-14½%	14-14½%	1.00%
Prime commercial paper, 4-to-6 months, N. Y. City (prevailing rate).....	1-1½%	1-1½%	1-1½%	1%	½-1½%

### BANKING (Millions of dollars)

Demand deposits adjusted, reporting member banks.....	47,982	47,622	47,771	46,751	††27,777
Total loans and investments, reporting member banks.....	65,042	64,924	65,034	66,242	††32,309
Commercial and agricultural loans, reporting member banks.....	14,267	14,212	13,817	11,234	††6,963
Securities loans, reporting member banks.....	1,850	1,760	1,946	2,831	††1,038
U. S. gov't and gov't guaranteed obligations held, reporting member banks.....	37,724	37,829	38,192	43,069	††15,999
Other securities held, reporting member banks.....	4,219	4,221	4,270	3,927	††4,303
Excess reserves, all member banks.....	1,010	930	820	643	5,290
Total federal reserve credit outstanding.....	22,934	23,041	22,789	24,416	2,265

\*Preliminary, week ended November 29th.

†Ceiling fixed by government.

‡Date for "Latest Week" on each series on request.

†Revised.

††Estimate (B.W.—Jul. 12 '47, p. 16).



# Everybody wants to save..

## *Here's a Timely Aid in the FOOD CRISIS!*

York Frozen Food Cabinets are the last word in refrigerating efficiency, design and construction, since they come to you from the world's largest manufacturers of commercial food-freezing and cold storage equipment.

The York Distributor near you can make immediate delivery of these Cabinets . . . in time for Christmas. Get in touch with him through your Classified Telephone Directory or write York Corporation, York, Pennsylvania.



**IF YOU'RE A HOUSEWIFE** the York Frozen Food Cabinet will make your food budget go farther, provide better food. Grow your vegetables or buy when they are lowest in price. Take advantage of market dips on meats, butter, eggs, seafood, fruits. Keep leftovers without fear of spoiling.



**IF YOU OPERATE A RESTAURANT, CLUB, BAR OR LUNCHROOM** the York Frozen Food Cabinet allows you to buy perishables when the price is right. Serve them when you wish. Freeze your own fresh fruits, store commercially frozen foods and pies. You can keep frozen foods as long as you like!



**IF YOU MANAGE A HOSPITAL OR INSTITUTION**, the York Frozen Food Cabinet, or several of them, protects you against costly hand-to-mouth buying of perishables, will save at least 25 percent of the food you are now forced to throw away.



**IF YOU ARE A FOOD MERCHANT**, a grocer, delicatessen or meat market operator, the York Frozen Food Cabinet is ideal for your stocks of commercially frozen foods, enables you to buy perishable food specialties to advantage and hold them indefinitely.

Model 165 capacity 16 1/2 cubic feet,  
enough for 650 pounds of food.

Complete  
self-contained  
Here's your own  
**PRIVATE COLD  
STORAGE PLANT**

Model 350 capacity 35 cubic feet,  
enough for 1300 pounds of food.

# **YORK** *Refrigeration and Air Conditioning*

HEADQUARTERS FOR MECHANICAL COOLING SINCE 1885





# WASHINGTON OUTLOOK



**THE JERRY-BUILT INFLATION** program that Truman pulled together on a Sunday night is falling apart.

Truman's own Cabinet is leery about it.

They can't get together behind it.

They're talking at cross-purposes to Congress what it calls for.

For instance, Federal Reserve Board Chairman Eccles insists credit regulation is the key to stopping inflation. But Snyder pooh-poohs Eccles' notion, talks big about selling more savings bonds. And both of them disavow speaking for the Administration.

**REAL FACT** is that all who would have to administer any part of this program are ducking. Politically, they're scared to death of it. And temperamentally, they simply don't have the kind of hands that itch to take hold of situations.

The day of the power-mad bureaucrat has passed its zenith in Washington.

Harriman has come closest to laying out an integrated inflation control program to congressmen.

But even his heart isn't in it.

He sees controls as just a backup for a revived bone campaign to talk prices down—and wages up, this time.

The program of persuasion will be tried again; you'll be hearing a lot of it in the coming weeks.

The publicity push for voluntary fuel and gasoline savings (the one we told you about on Nov. 22) is a part of this.

Harriman already has started his part: convincing businessmen that it's smart to be moderate on prices. He talked to some steel men last week.

Schwellenbach's role in the program is to temper labor's third-round wage demands—he's up against Phil Murray's call this week for "substantial wage increases." Anderson's assignment is to talk farmers out of hoarding for higher prices.

There's some thought of getting a little more specific this time than last spring, by having government economists figure out which prices and wages are out of line—and naming names. Harriman has been hinting at this.

**CONGRESS IS AS MIXED UP** as the Cabinet on what to do about rising prices.

Congressmen don't like the legislative speci-

cations of Truman's program, either. And nothing they have heard from Administration witnesses appeals to them.

Politically, Republicans are upset over prospects of higher prices. Anything they do—or don't do—can be turned against them next November.

Of course, Congress will go along with some of Truman's proposals. Next year, however—not at the special session.

But except for instalment credit controls, the items Congress will go for are the ones that are only secondarily aimed at spiking inflation.

These will be voted: Regulation W, limited to instalment credit; continuation of export and transportation controls.

These may get by: authority to fix margins on commodity trading; allocation of specified commodities, principally grains and steel.

**SO, WHAT** does it all add up to: a lot of talk, little action.

In making up your mind what prices are going to do next year, don't count on Washington to pull prices down.

**BEHIND THE C.I.O.** call this week for third-round wage boosts is lack of faith in Truman's anti-inflation program.

They know it isn't going to go through. Even if it did, it wouldn't be enough for the unions; there's no provision for correcting the loss in real wages since Round 2.

So, C.I.O. now strikes out on its own for more wages.

Big internal issue is whether the left-wing electrical workers or Reuther's right-wing U.A.W. sets the pace. Murray started efforts this week to talk these two rivals into working together this time.

**YOUR TAX CUT** for next year is shaping up about like this:

- Percentage cuts in personal income tax on the order of 15% for lower brackets and 10% for upper-income groups.

- Increase in personal exemptions from \$500 to \$600.

- Husband-and-wife income splitting.

- Readjustment and some lowering of excise taxes.

You can look for this law to go on the books

# WASHINGTON OUTLOOK (Continued)

about next June. G.O.P. leaders have decided against the "quickie" bill that Knutson has been talking about.

The Republicans have drifted away—further than they first thought they'd have to—from Knutson's original across-the-board percentage cut.

Not only do they want a bill that will be sure to override a veto, but also they want one that can't be labeled a "rich man's" tax cut next November.

They know, too, they won't have time to handle two tax bills next year. So a general overhaul of the tax system has been put over until 1949.

But the revenue committees will make room in the '48 measure for some technical revisions wanted by business—if they're wanted loudly enough and don't cut income too much.

## HOW MUCH WHEAT for Europe?

It isn't a question any more of whether to cut last October's ambitious 500-million-bu. export goal. The issue now is how much to cut.

State Dept. now figures that no more than 450-million bu. can safely be extracted from the domestic supply. Its \$597-million request for interim aid is based on this quota.

The Herter committee thinks another 20-million bu. can be lopped off. They'd take it from the Italian quota; they think that the Italian government could collect that much more grain from Italian farmers, if it really tried.

The Herter calculations are the basis for the House Foreign Affairs Committee's \$67-million cut in the interim aid bill.

Incidentally, the House Foreign Affairs Committee has found a way around the hitch we told you about last week—that the appropriations committees would delay use of relief money even after it is authorized.

The legislation will direct RFC to advance up to \$150-million to the procurement agencies so they can get going before appropriations bosses Taber and Bridges actually give them the money.

**THE MILITARY** is grabbing for control of the nation's oil-rich offshore submerged lands—the belt of tidelands the Supreme Court last fall ruled belongs to the U. S., not to the states.

Forrestal's program:

- Have the lands declared "government reserves."
- Exchange existing state-granted leases for federal leases elsewhere, or buy out present operators.
- Vest future control over production of oil and gas in the National Security Resources Board.

At the moment, Army and Navy spokesmen are arguing their case in interagency discussions. The outcome of the talks will come legislation made necessary by the court's decision.

But if the services don't win their point there they'll take their fight to Congress next year.

**A MAYOR IS A MAYOR** whether he is a Republican or a Democrat, and he likes the smell of federal money for his home town.

Sen. Wagner is piling up completely bipartisan endorsement for subsidized slum-clearance from a questionnaire sent out to local and state officials and a sprinkling of businessmen.

Points stressed in the replies:

- Wartime growth of cities has worsened the slum problem.
- Cities can't raise the money to do much about it; governors say they can't either.
- Private builders, even insurance companies are discouraged by high costs from tackling slum clearance projects now.

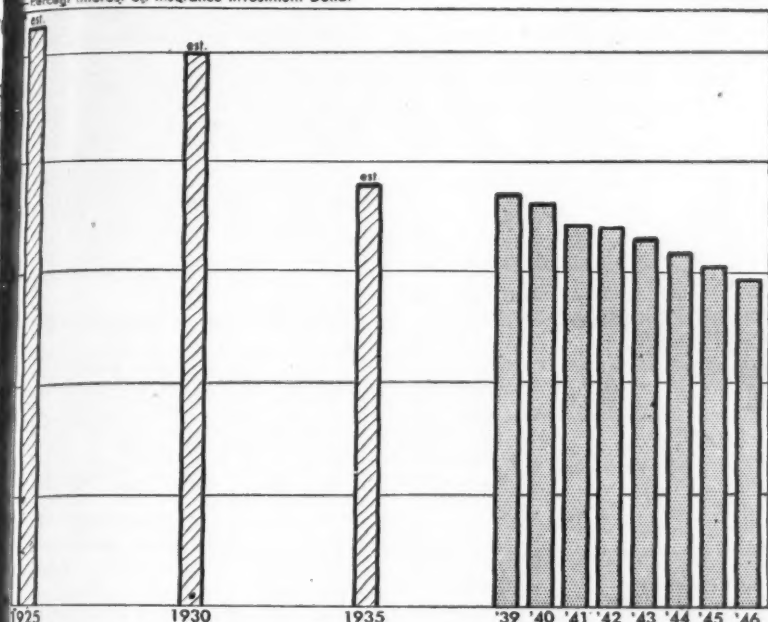
Wagner will use the ammunition to push the Taft-Ellender-Wagner long-range housing bill next session.

- The special federal grand jury that has quietly been ferreting out evidence of a wartime spy ring with high government tie-in is recessing without having uncovered anything sensational—despite recurrent "leaks" that it's about to expose a Red spy nest dwarfing the Canadian scandal. . . .

- Look for congressional O.K. next year on the Stratton bill—or something like it—relaxing immigration bars to perhaps 100,000 of Europe's displaced persons a year. Traveling congressmen have learned that it's Russia most of the DP's and refugees from. . . .

- Many admirals aren't enthusiastic over the Truman-backed plan of the Army Engineers for a \$2.5-billion sea-level Panama Canal. Navy plugged for a waterway with locks.

Percent Interest on Insurance Investment Dollar



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Life Insurance Investments Earn Less, So . .

## Premiums Are Going Up

Most companies will boost rates at the first of the year; some have already raised. Increases in many cases are timed to coincide with general adoption of new mortality table.

If you take out life insurance after the first of the year, chances are it will cost you more. The hike in premiums may not add up to any big figure; but it will be there just the same. (There are some companies that won't change now they eased rates up during the past few years.)

Reason for the uptrend: The insurance business is at last taking account of the steady fall for nearly two decades of what it earns on investments (chart).

**How It Works**—The net earnings of insurance companies on their investments sank below 3% last year for the first time—to 2.92% (BW—Jun. 14 '47, p. 80). This forces the companies to lower the guaranteed interest rate they use in computing policy reserves. The guaranteed rate is a big factor in determining premiums. If it is lowered, premiums on new policies must be increased, since funds to the policy buyer's credit won't pile up so fast.

Last year very few companies had

guaranteed interest rates under 3%. But by Jan. 1, 1948, nearly two-thirds of the companies expect to be using a guaranteed interest rate of 2½% or less. Some will be down to 2¼% and even 2%.

• **Reasons for Delay**—The companies have been expecting to cut guaranteed interest rates for years. Several factors have made it possible for them to delay making the change:

(1) On the average, people live longer than they used to, which means that policyholders pay more premiums before their beneficiaries collect on their policies. Insurance actuaries call this "improved mortality experience." Now this trend has leveled off.

(2) The companies were able to supplement their income during the war years by extensive sales of real estate acquired through mortgage foreclosures in the 1930's. They have disposed of much of this property.

(3) Sale of high-grade corporate

bonds and tax-exempt municipal issues at fancy prices.

• **Close Estimates**—Life insurance companies determine premiums by estimating very closely at what ages their policyholders will die. This is the job of the actuary, whom the insurance men regard as a kind of statistical high priest.

When a man takes out a new policy, the company knows to the second decimal place how many years he will live, on the average. It knows, therefore, how much it will have to charge him in premiums during those years to be able to pay the face value of the policy when the policyholder dies.

As the premium deposits are paid in, the company invests them.

What the investments earn is deducted in figuring premiums. To standardize this, the company adopts what it calls a guaranteed interest rate. That's why use of a lower guaranteed rate in figuring policy reserves means higher premiums.

• **New Adjustments**—Some companies have already adjusted to the declining investment yield—including the Metropolitan Life, New York Life, Mutual Benefit Life, and John Hancock Mutual Life.

Most others will raise their premiums somewhat by Jan. 1. Premium changes vary according to each company's individual situation, and according to the type of policy. The Prudential's increases, to take one not necessarily typical example, will average about 93¢ per \$1,000 in annual premiums on new ordinary policies.

• **Mortality Table**—If you're under 30 and buy an ordinary life policy, there is a factor to offset the general increase: a new mortality table that nearly all companies are adopting.

The companies that have waited until now to make rate adjustments have done so because of the impending change in the mortality table. They didn't want to tackle the job of changing their rate books twice: once for the change in guaranteed interest, a second time for the new table.

In 1868, the American Experience Table was recognized by New York State in figuring legal reserves for outstanding policies. Since then it has become standard under state insurance laws. Recently many states have made it mandatory or permissible to use the new Commissioners' 1941 Standard Ordinary Table. By Jan. 1, such laws will be effective in all states except Oklahoma.

• **Little Difference**—Actually, the new table doesn't make much difference in



premiums. Companies have used the old table for figuring legal reserves; but they have adjusted premiums to modern death rates. Three-fourths of the companies make the adjustment by dividends. As their experience beats the old mortality table, there is extra money to be split up among policyholders. Other companies just use smaller premiums.

But the new table will tend to make lower rates for younger policy buyers—on ordinary-life policies. In some cases, rates for these people will be even lower than now, despite the general

premium boost rising from the interest rate change.

• **Public Relations**—Principal reason for the new table: It's good public relations. Many people thought that the 1868 table determined cost of insurance to policyholders because state laws used it to regulate policy reserves.

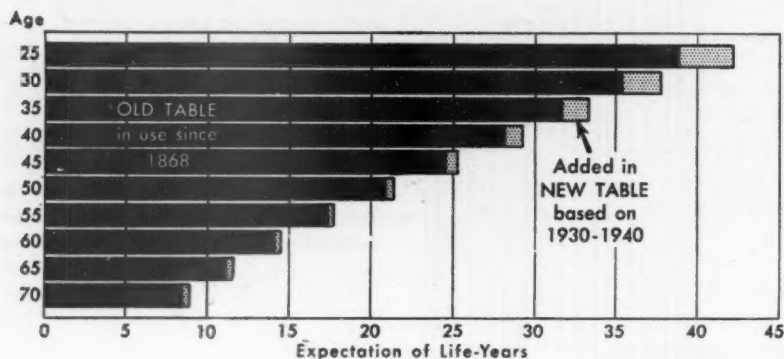
The drop in guaranteed interest on reserves comes just as it looks as if the yield of insurance investments will show an upturn for the first time in years.

• **Shift**—The \$48-billion life insurance investment portfolio is shifting from

government bonds to corporate securities, mortgages, and real estate. The proportion of U. S. business securities and mortgages held by insurance companies increased from about 44% to 50% on the same date this year. Investment in governments dropped from 51% to 45% in the same period.

But the rise will have to be long and steady to make up for past decline. Also, expenses are rising to offset income gains. Anyway, if there is a rise in investment income, it will be reflected in higher dividends to policyholders. Companies not declaring dividends will lower premiums to match. So the long-run cost of life insurance to the policyholder may not be materially changed.

• **Surrender Value Change**—There's another change that goes into effect with the new mortality table: a new method of figuring cash-surrender value of policies. The old state laws defined cash-surrender value as equal to the legal policy reserve less a deduction, the "surrender charge." The charge was either a definite percentage of the reserve, or a flat cash deduction for each \$1,000 of insurance. The new laws provide a formula that sets up the minimum amount it is expected a reasonably well-managed company can accumulate out of premiums and interest. That is the cash-surrender value. Many companies may pay more than the required minimum.



Data: Institute of Life Insurance.

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## How Your Life Span Has Lengthened

This chart shows how much the average expectation of life has increased. The old table, used by insurance companies since 1868, is based on U. S. death experience from 1848 to 1853. The new Commissioners' 1941 Standard Ordinary Table is based on U. S. death experience during 1930-1940.

The table below shows in detail how much longer, depending on your age, you can expect to live—under the old and new mortality tables.

Life Expectancy			Life Expectancy		
Age	Old Table	New Table	Age	Old Table	New Table
25	38.81	42.12	48	22.36	22.88
26	38.12	41.24	49	21.63	22.12
27	37.43	40.36	50	20.91	21.37
28	36.73	39.49	51	20.20	20.64
29	36.03	38.61	52	19.49	19.91
30	35.33	37.74	53	18.79	19.19
31	34.63	36.88	54	18.09	18.48
32	33.92	36.01	55	17.40	17.78
33	33.21	35.15	56	16.72	17.10
34	32.50	34.29	57	16.05	16.43
35	31.78	33.44	58	15.39	15.77
36	31.07	32.59	59	14.74	15.13
37	30.35	31.75	60	14.10	14.50
38	29.62	30.91	61	13.47	13.88
39	28.90	30.08	62	12.86	13.27
40	28.18	29.25	63	12.26	12.69
41	27.45	28.43	64	11.67	12.11
42	26.72	27.62	65	11.10	11.55
43	26.00	26.81	66	10.54	11.01
44	25.17	26.01	67	10.00	10.48
45	24.54	25.21	68	9.47	9.97
46	23.81	24.41	69	8.97	9.47
47	23.08	23.65	70	8.48	8.90

## STUDEBAKER IN STEEL

To assure itself of more steel, Studebaker Corp. this week went out and bought itself a steel mill.

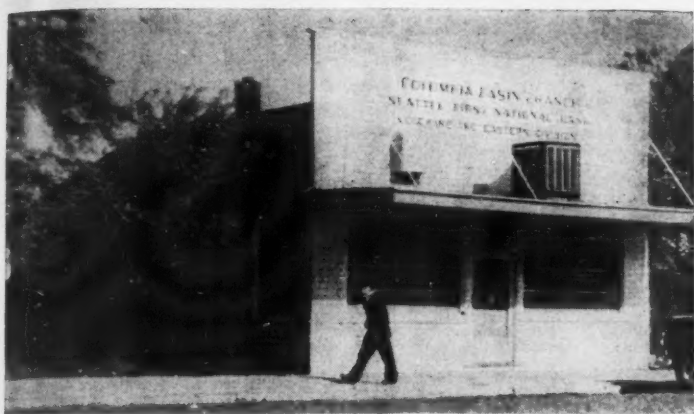
Taking a page from the policies of Kaiser-Frazer Corp. (BW—Aug. 16, p. 19), Studebaker bought Empire Steel Corp., Mansfield, Ohio. Sale price was \$7,430,000.

Studebaker says it will take only a small part of Empire's output, and that only gradually. What it hopes to do is build up its output from the present level of 20,000 vehicles monthly to 25,000 monthly some time in 1948. Empire will furnish the extra sheet steel required. The auto firm will continue to get steel from other suppliers.

Empire's annual capacity for finished steel is 120,000 tons of hot-rolled sheet, 14,400 tons of long term sheet. The long term is used for gasoline tanks; nearly all the auto companies bought some of their requirements in this line from Empire.

Detroit was not entirely surprised by the Studebaker deal. Empire began telling its customers there four months ago that it was going to get out of the general steel business. Instead, it wanted to get into specialties, like electrical sheet, in an effort to boost revenues.





### SMALL BANK WITH A LOT OF WORKING FRONT

When office space is tight, even the facade can be put to work. To install its Columbia Basin Branch at Moses Lake, Wash., Seattle-First National Bank brought some of its equipment into the open. Over the marquee of

the tiny quarters are the burglar alarm (left) and the air-conditioning unit. Near Grand Coulee Dam, the bank looks to the day when the vast irrigation system will bring more customers to the area.

## Steelmakers Buy Coal Source

Group of iron and steel producers attacks shortage of coking coal by purchasing Carter Coal Co., whose three Pocahontas mines have been closed since last June 30 by labor trouble.

A big chunk of the iron and steel industry got together last week to crack the coking-coal bottleneck. Result: The group bought the Carter Coal Co., out of production since June 30 because of labor trouble.

The action starts low-volatile coal flowing from the mines at a potential rate of 3.5-million tons a year. This is a coking-type coal relatively free from impurities. It is among the shortest of the iron and steelmakers' raw materials.

**Participants**—Members of the buying group are Interlake Iron Co. and Pickands, Mather & Co., both of Cleveland; Youngstown Sheet & Tube Co.; and Steel Co. of Canada.

The deal assures these companies high-grade coal for their coke ovens from the mines that supplied them before the shutdown. It will also help other concerns, including Republic Steel, that have long depended on Carter for part of their low-volatile fuel.

The sale has another benefit: Scores of Carter domestic dealers will soon be getting some fuel for their clamoring customers.

**Reason for Shutdown**—Carter Coal's three mines have been closed because of a dispute with the United Mine Workers.

The wrangle was over the per-ton royalty that coal companies agreed to pay into the U.M.W. welfare fund. The individualistic James W. Carter (BW-Jan.18'47,p86) wouldn't go along. He refused to let his company kick in unless its payments were segregated for the benefit of his employees only. So U.M.W. wouldn't work his mines.

Now the fight is over. As soon as the iron and steel men bought Carter, they signed up with the union on the same royalty deal as the rest of the industry.

**• What They Bought**—The Carter mines can pour out 3.5-million tons a year. This is a good 5% of the total from the low-volatile Pocahontas field that centers around Welch, W. Va. In 1946 Carter's output hit 2.3-million tons in spite of strikes. Its reserves are estimated to be good for 40 to 60 years at peak production.

The trade guesses that Carter Coal Co. went for \$10-million. If this was the price, coal men agree that either (1) the buyers got a terrific bargain, or (2) there is more to the deal than meets the eye.

The way the industry usually figures, a coal property's mine facilities are worth \$5 per ton of annual output. On that basis, plus the value of estimated

reserves, Carter could have brought \$35-million to \$40-million. So the industry thinks Carter may have held back considerable acreage, to be mined by the new owners on a royalty basis.

Whatever the deal, the principals aren't talking about the price or the terms.

**• New Setup**—Frank Purnell, president of Youngstown Sheet & Tube, is chairman of the purchasing company. Leigh Willard, of Interlake Iron, is president. Directors include Elton Hoyt II of Pickands, Mather and H. G. Hilton, president of Steel Co. of Canada.

Pickands, Mather, iron ore producer and coal distributor in the Great Lakes area, will supervise sales of coal from Carter mines. Interlake is one of the nation's major merchant pig iron makers; it has blast furnaces at Duluth, Chicago, Toledo, and Erie.

**• Domestic Users Protected**—Operating headquarters of Carter probably will shift from New York to Cleveland. The buyers say the company will continue to sell domestic sizes of the low-volatile fuel for use in homes. But they do not say whether there is any truth in rumors that this domestic tonnage will be cut down so more can go to industry. Actually there may be more Carter coal for both groups; the trade points out that reserves are ample to justify opening more mines.

### NEW TENANTS SOUGHT

In Nashua, N. H., a textile company has gone into the real estate business. Nashua Mfg. Co., subsidiary of Textron, Inc., has opened a nationwide sales campaign to attract "new and diversified industries" to the Nashua area.

As an incidental feature of the program, Nashua hopes that the industries thus attracted will buy the six buildings which it is closing under its new reorganization plan (BW-Aug.23'47,p16). Whether the company will continue its bring-industry-to-Nashua program after these buildings have been sold was not disclosed.

To expedite its campaign Nashua has engaged C. W. Whittier & Bros., Boston industrial realtors. Whittier's job is to find new occupants for the 825,000 sq. ft. of floor space in the six buildings. The remaining structures at the Nashua Mill, as well as the company's Jackson Mill in Nashua, will be kept for the company's own use.

The textile company will move a little of the machinery from the mills which are for sale to its other buildings. Nashua has contracted with George D. Flynn, Jr., to dispose of the rest of the machinery. According to Royal Little, president of Nashua and its parent, Textron, the buildings will be available for occupancy as soon as the machinery can be sold and removed.

# Christmas Cheer?

Distillers hope that 60-day shutdown will end Dec. 25. But if it does, they'll still get some kind of grain restriction.

No child is looking forward to Christmas this year more breathlessly than U. S. distillers. For on Dec. 25, the 60-day holiday on mashing operations that started last October is supposed to end. The distillers had reluctantly agreed to the holiday when Charles Luckman, then chairman of President Truman's Citizens Food Conservation Committee, asked their cooperation in saving grain (BW-Oct.18'47,p21).

• **End in Sight?**—No one is sure that the end is actually in sight. Since Luckman retired from the Washington scene last week, the distillers have sounded out Secretary of Agriculture Anderson to try to find out if they are going to be allowed to resume operations on schedule. Some of them had hoped that the holiday might be ended in less than 60 days. But if there ever was any possibility of starting distilleries going before Dec. 25, it has vanished now.

Moreover, distillers realize that any new operations will be on a restricted basis. What that basis will be is still anybody's guess. But searching for a compromise is former Secretary of War Patterson, retained as special counsel by the institute. He is sounding out Secretary Anderson on what course of operation he would accept come Christmas morning. Anderson, now director of the food-conservation program, holds the distilling industry's fate.

• **No Shortage**—Regardless of what course is finally taken, the consumer can be sure that no shortage of whisky or gin will show up during the coming holiday season, or for many months to come. But individual distilling companies can either gain a competitive advantage or suffer a competitive disadvantage—depending on the method of grain allocation finally adopted.

Distillers represented by the Licensed Beverage Industries and the D.S.I., including the Big Four (Seagram, Schenley, National, and Hiram Walker), originally proposed a quota system last October. Their argument: Quotas would be more economical in the use of grain than a short-term shutdown. But Luckman, prodded by big, independent Publicker Industries, stuck to the 60-day holiday.

• **Postponement Only**—If the distillers are allowed to resume partial operations on Dec. 25, then Luckman's decision has simply postponed the issue. That means that Anderson must solve the

problem of how to quota grain on a basis that will be fair to all units in the industry.

He has tangled with this problem in the past. Until wartime grain controls were ended a year ago, quotas to distilleries were based on productive capacity. Under this system, Publicker got the lion's share of production—and ended up with the largest inventories of new whisky in the business. The Big Four squawked, so Secretary Anderson tried to put the quotas on an historical basis. As this would have shifted the advantage to the Big Four, Publicker sued. Result: That quota system was tied up in a legal snarl when all controls came off (BW-Sep.28'46,p17).

• **Proposal**—Then the need to save grain for Europe became more imperative, and Luckman arrived on the Washington scene in October. There to greet him was the Distilled Spirits Institute; it had a grain-saving proposal. Said D.S.I.: Each distiller's monthly quota should be fixed at 50% of his average monthly use during the first six months of 1946. That would have thrown most of the grain used to the Big Four. They had been running full tilt this year. But Publicker and other independents had come out of the end of war controls in a very comfortable position as to stocks. So their 1946 grain use had tapered off.

At the moment, Secretary Anderson is brooding over what to do next—and how it should be done.

• **Possible Outcome**—One thing seems sure: Charged with the responsibility of effective food conservation, Anderson will severely restrict the use of grain for beverage spirits.

## FCC Sets Rules on Telephone Recorders

That high-pitched "beep" you hear every few seconds during long-distance telephone calls next month won't come from any ordinary birdie. It'll be a warning that your talk is being recorded at the other end of the line. But, if you don't hear the "beep," you can't assume the conversation is not being recorded.

Starting Jan. 15, the warning signal (from a high-frequency electronic unit) will be used with telephone recorders that comply with Federal Communications Commission rule. But FCC fears that many silent recorders will stay in operation.

• **Limits**—In the first place, the rules that FCC unveiled last week affect only interstate and foreign toll calls. These are the only telephone operations over which the commission has jurisdiction. Most states are expected to adopt similar regulations, but that will take time.

FCC has been pondering over ground rules for recorders since last March when it decided the devices had a "useful and legitimate" place in running business (BW-Mar.29'47,p6).

Bootleg recorders with no warning buzzers can be uncovered only by telephone men during routine service work. Telephone industry people estimate that "thousands" of such devices already are in use.

Some recorder manufacturers are said to be turning out warning signal units which may be put on devices already in use. New recorders will come equipped with the buzzers.

• **Rules**—Other FCC recording regulations:

Recorders must be independent devices which may be disconnected from standard telephones or switched off during local calls. This was a jurisdictional concession to states which might ban recorders.

Only telephone companies can put and maintain recorders. But anyone may buy or sell the equipment. The companies cannot charge "prohibitive" rates for this service.

• **Opposition**—Telephone companies bitterly opposed official sanction of recorders (on the ground that they infringed upon the subscribers' right to privacy). Now they must educate the public as to the meaning of the warning signal through "appropriate publicity programs." It is expected that the advertising campaign will be sponsored jointly by the companies and recorder makers.

## POLYTHENE PRICE CUT

E. I. du Pont de Nemours & Co., Wilmington, Del., last week announced new price cuts for polythene plastics. This marked the fifth price reduction of polythene since du Pont began making it in 1943.

The price of uncompounded molding powder without coloring was cut to 46¢ a lb. from 50¢ a lb. For powder compound in standard colors the price was dropped from 56¢ a lb. to 52¢ a lb.

For polythene specially compounded without coloring or for powder in non-standard colors, the price reduction will range from 4¢ to 7¢ a lb.

## AIRLINE CUTS GIFT RATES

Pan American Airways this week slashed rates by one-third or better on express shipments of food and clothing gift parcels to Europe.

The new rates, in effect in time for Christmas mailing, will cover shipments to Ireland, England, Belgium, Czechoslovakia, Germany, and Austria and by connection to all other European countries. Pan Am said the reductions will continue after Christmas.



**EMPLOYEE RELATIONS** we haven't had time to be human—C. J. Stilwell



**IN TAX PROBLEMS** the country needs a nonpartisan approach—Don G. Mitchell



**RATIONING CONTROLS** might discourage production—C. E. Wilson of G.M.

## N.A.M. Faces Challenge

Formulates a program to meet the "new problems at home and abroad." Among these: labor relations, taxes and other fiscal matters, distribution controls, prices, and foreign reconstruction.

Rarely in times of peace has the National Assn. of Manufacturers held its annual convention under such ominous world skies as it did this week. As members gathered in New York's Waldorf-Astoria for what was officially known as the 52nd Annual Congress of the American Industry, headlines reminded them that:

- The Big Four meeting in London is getting nowhere (page 119).
- Congress was still in the midst of Marshall Plan appropriations (page 16).
- The C.I.O. called for a new round wage increases (page 15).
- The President's anti-inflation program was developing more snarls than loose hairspring (page 15).
- The difficulties of getting more business capital were clouding 1948 prospects (page 9).

**Platform**—Fittingly, the N.A.M.'s theme was "a new world at home and abroad challenges industry." Some 3,000 delegates from 16,500 member companies met that challenge via an all-inclusive platform. Its planks were placed before the meeting by Earl Bunting, N.A.M.'s retiring president and head of Sullivan Rubber Corp.:

- (1) Cut government spending through greater efficiency, reduce excessive personnel, and curtail activities.
- (2) Cut income-tax rates to provide more funds for capital investment.
- (3) Reduce the national debt at a minimum annual rate of \$2.5-billion.
- (4) Retire U. S. bonds held by banks with proceeds of new long-term government issues, which would bear rates attractive to individuals.

(5) Discourage inflationary bank credit by allowing interest rates to find their own level, free from government interference.

(6) Intensify management's efforts to lower prices by increasing production.

(7) End U. S. Treasury pressure to distribute 70% of company profits as dividends; this would encourage a plow-back of earnings and greater output.

(8) Get labor to drop further general wage demands unless there is a corresponding increase in productivity.

(9) Remove restrictions on worker productivity, including all feather-bedding.

(10) Provide emergency foreign relief in goods (not dollars) by buying in most economical markets and identifying such goods as provided by the U. S.

(11) Finance foreign reconstruction through the World Bank and private sources, rather than from U. S. taxes.

(12) Establish sound foreign currencies by ending controls over production and distribution.

**\$31-Billion Budget**—Bunting followed up by giving the N.A.M.'s stand on national financing. It proposes a \$31-billion maximum budget for 1949. This would allow \$10-billion or more for tax reduction and debt retirement, after ample provision for defense, veteran aid, and other requirements. Bunting added: "We are recommending only what the people can reasonably expect Congress to accomplish in view of economy pledges made by its members."

**Tax-Reduction**—An elaboration of the tax-reduction theme was presented by Don G. Mitchell, president of Sylvania



**INDUSTRIAL RESEARCH** is important in creating new frontiers—R. E. Wilson

Electric Products and chairman of the association's committee on taxes. The N.A.M. suggests:

- Revise the scale for individual income taxes, combining normal tax and surtax; rate would begin at 12% and progress to a top rate of 50% on taxable income in excess of \$100,000.
- Allow deductions, not to exceed \$500, for life insurance premiums paid by taxpayer each year on his own life.
- Permit deductions of greater part of medical expenses.

Mitchell explained that the provisions, if properly utilized, would mean a cut of up to 60% in the lowest income brackets and a minimum of 40% across the board. He called this the N.A.M.'s "packaged" tax plan. Pleading for a nonpartisan approach to taxes, he admitted that taxes were in politics and that "the 1948 election is now dominating the tax scene."

**Family Subjects**—While the general sessions tackled the larger questions of economics and politics, group sessions probed deeply into such intimate family



subjects as labor relations, industrial research, and public relations. Charles J. Stilwell, president of Warner & Swasey Co., pointed out that a common mistake of management is failure to keep employees informed and interested in their work. "We haven't had time," he said, "to be human in our relations with our employee partners."

Charles E. Wilson, president of General Motors, attacked the Truman theory of rationing. Said he: "Rationing will not give us one more bushel of wheat to eat, one more ton of steel to use, or one more suit of clothes to wear." Such controls might discourage production, he said, and he cited conditions in France to elicit his point.

The importance of industrial research in creating new frontiers was underscored by Robert E. Wilson, chairman of Standard Oil Co. (Indiana). And sparking many a meeting were T. J. Hargrave, president, Eastman Kodak; Thomas S. Holden, president, F. W. Dodge Corp.; Clarence B. Randall, vice-president, Inland Steel; Lewis H. Brown, chairman, Johns-Manville.

**Coordinator**—The job of coordinating the manifold projects resulting from the convention goes to Morris Sayre, president of Corn Products Refining (cover). He becomes the N.A.M.'s president in 1948—a year, indeed, that calls for a capable helmsman.

## Court Decision Opens Way to New Battery

To the average motorist a battery is a sheaf of lead plates and acid. With luck, it lasts from one to three years. Now, however, a federal district court decision has car and truck owners talking about new cadmium batteries that may last three or four times as long.

• **Desist Order**—The decision, handed down last week, was directed at Electric Storage Battery Co. of Philadelphia, and at its wholly owned subsidiary, Willard Storage Battery Co. of Cleveland. It ordered them to end their part in what the court held was an international cartel in storage batteries. The Dept. of Justice filed the original complaint in 1945. It charged that the cartel kept the cadmium-type batteries from being sold in this country.

Justice also charged that the American companies had engaged in agreements on exchange of patents. From now on, the court ruled, Electric Storage Battery and Willard must make the patents available to other American manufacturers on a reasonable royalty basis.

• **Cadmium Advantages**—The long-life batteries consist of nickel-plated cadmium-steel plates in an alkaline solu-

tion. The alkali (in place of the customary acid) is said to eliminate corrosion and increase resistance to damage caused by temperature change.

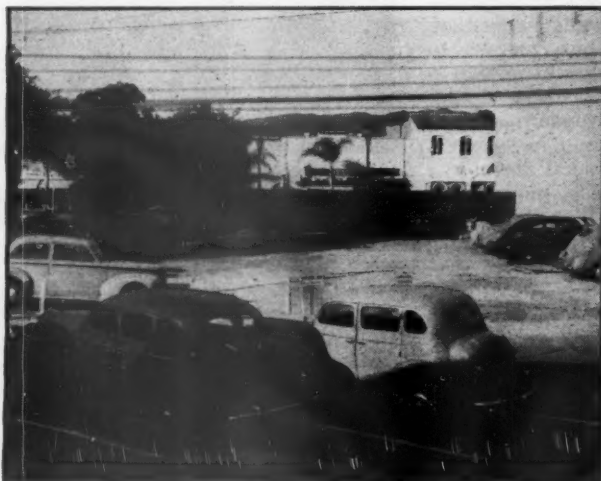
Cadmium batteries aren't brand-new. They were used in prewar German power portable military radios. Later they were used in European automobiles.

Nickel Cadmium Battery Corp., East Hampton, Mass., started making the new-type batteries for the U. S. government during the war. Since the war, production has been confined to storage batteries for motors that start diesel engines in buses and large trucks.

• **Not Available Soon**—The court decision won't bring a flood of cadmium batteries to the market immediately, however. Battery makers figure that will be at least two years before they are available for the passenger-car market.

One reason for the delay is that makers will aim at the commercial vehicle market for the next two years. But another important reason is design of the batteries: Currently they are too heavy and bulky for passenger-car use.

Pricewise the cadmium batteries are now 50% to 30% higher than lead-acid batteries of comparable power. Mass production and improvements in design, however, may bring the price down in the future.



SPARED: The Sloane and Haggerty lot escaped



STRICKEN: Saks' rear lot is victim to new rule

## New Squeeze on Hard-Pressed Parking Lots

Los Angeles, like other cities, has found car parking a major traffic headache. So retail stores along Wilshire Blvd., in the swank Beverly Hills district, decided to try offstreet parking. To get lots next to the stores, they had to get a dispensation from the city regulation that the commercial zone extends only 150 ft. from the boulevard. The stores themselves were that deep. When the lots began to overflow, the

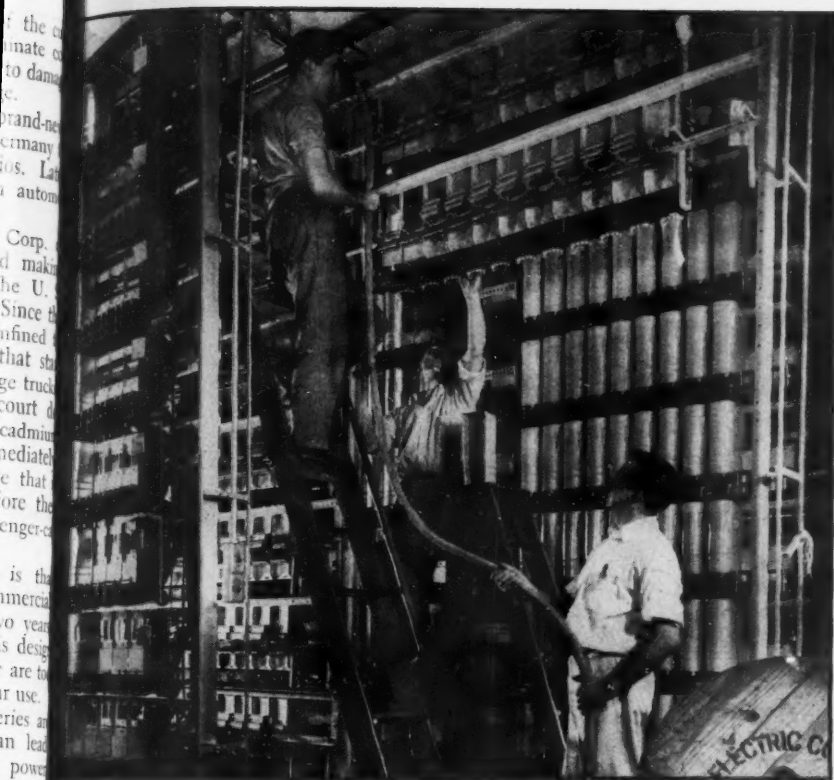
stores planned underground and overhead parking ramps. That's when they struck a snag.

The moribund Beverly Hills Home Owners Protective Assn. suddenly came to life to fight expanded parking. Reason: The lots were encroaching on zoned residential property south of the boulevard. Voters petitioned the city council to revoke the dispensations along a three-mile stretch on one side

of the street. The Beverly Hills Realty Board, backed by the stores, counter-attacked to keep the lots open. But the "Protect our homes" appeal won.

Not all stores lost out on the new ruling. The lot operated by W. & J. Sloane and J. J. Haggerty (above left) was spared; it ran alongside, not behind, the stores. Saks Fifth Avenue (above right) wasn't so lucky. Its lot, behind the 150-ft. limit, was closed.





NEW DIAL EQUIPMENT goes up in a telephone central office

## Cracking the Telephone Shortage

Bell System expects to clear backlog of 1.8-million applications for phones by end of 1948. It thinks service will then be back to prewar standards. Building outlay for 1947 is \$1.1-billion.

By the end of 1948 you will probably be able to have a new telephone installed when you want it, without having to wait. By that time, the Bell System expects to clear nearly all of the 1.8-million applications for telephone service now on its files.

**Backlog**—It is estimated that there will be nearly 35-million telephones in service in the U.S. by the end of this year. The Bell System, including American Telephone & Telegraph Co. and its subsidiaries, will control about 80% of these.

On V-J Day, Bell had a backlog of 2-million applications. At the end of October this year, it still had 1.8-million applications. Yet in 1946 Bell added over 34-million phones—more than double its best previous year. It expects to put in 2.8-million this year.

What has caused this unprecedented demand for telephone service? Rising national income has put telephone service within the means of millions who couldn't afford it before.

**Alternative**—The Bell System had long been proud of its ability to anticipate

the need for telephone service years in advance. The necessary equipment was ready when demand developed. But World War II knocked Bell off its stride.

The System had a decision to make when war ended. It could choose between:

(1) Keeping service up to the usual standards. This would delay millions of people in getting phones.

(2) Overloading its equipment to put as many telephones in service as possible. This would lower the quality of service for everyone.

**Getting Back to Standard**—Bell chose the second course. Since then it has been trying to bring the service back to prewar standards through a huge program of construction of equipment, lines, and buildings (BW—Oct. 26 '46, p. 46). The System reports that its materials shortage was overcome in 1946 and was no problem this year. Some 1,500 building projects have been or will be started in 1947; \$1.1-billion will be spent for new construction.

Bell is gradually succeeding in im-

proving its service while adding millions of new subscribers. The additional equipment is beginning to make itself felt. The average speed of getting a toll-call through dropped from 3.2 minutes in September, 1946, to 2.7 minutes in September of this year. The average daily number of completed conversations rose from 106-million for 1946 to over 112-million for the year ending Sept. 30, 1947. Yet the number of calls per phone has dropped slightly, since more telephones are in service.

**Rate Increases**—Like everyone else, Bell is paying higher salaries and higher prices for materials than it did before the war. But since the telephone companies are public utilities it takes time for them to get an O.K. on a rate boost. By last month, rate increases amounting to \$78-million a year were approved in 24 states. Applications for an additional \$93-million have been made in 17 states.

No one knows how higher rates will affect demand for telephone service. So far demand has not diminished. In October there were 472,000 new applications, a high for the year up to that time.

**The Over-All Picture**—A Business Week sampling of some of Bell System's operating companies shows how the campaign against the phone shortage is working out in detail:

**New England Tel. & Tel.** has added 438,000 new customers since the war, and has 36,000 applications for service. The average number of calls per day (calls run higher than completed conversations) has increased from 9-million last year to 10-million this year.

**New York Telephone Co.** expects to clear the application backlog within a year. The company has added 500,000 customers since September, 1945. All records for phone calls in New York City were broken Nov. 24, when 15.4-million calls were put through on a rainy Monday.

**Ohio Bell** has spent \$75-million since end of the war for improvement and expansion. During the same period the number of phones this company services has increased 310,000, or more than 25%.

**Illinois Bell** expects to catch up with demand in 1948. It has installed 711,000 phones since end of the war.

**Northwestern Bell** expects to catch up with demand by end of next year. Since V-J Day there has been a net gain of over 265,000 phones.

**Mountain States Tel. & Tel.** hopes to catch up with demand in 1948. It has put in 229,361 phones between Aug. 31, 1945, and Oct. 31, 1947, or more than from 1934 through 1941, inclusive. The backlog is over 60,000, but recently orders seem to be slackening.

# PROPAGANDA AND RUMOR



**Marx** "... commercial crises . . . put on trial . . . bourgeois society"



**Molotov** "... U. S. [fears] an . . . economic crisis . . ."



**Varga** "The prerequisites for a [U. S.] crisis are quickly gathering"



**Zhdanov** "Soviet people [are] not fearing economic crisis"

## Soviet Line on "U. S. Crisis"

Heirs to the Marx-Engels mantle keep predicting an approaching economic debacle in U. S. They drum up figures on "rising unemployment," point to Marshall Plan as sure sign of jitters.

A hundred years ago this week, Communism came out of the incubator.

**Platform**—It was in London. There a sizzling little bunch of radicals (sparked by some Germans who had beat the cops to the border) decided it was time to fight capitalism openly. For a starter, a platform was necessary. The job of building it went to those veteran prophets of doom—Karl Marx and Friedrich Engels. Known now as the Communist Manifesto, it predicted:

- "Modern bourgeois society . . . is like a sorcerer, who is no longer able to control the powers of the nether

world whom he has called up by his spells. . . . It is enough to mention the commercial crises that by their periodical return put on its trial, each time more threateningly, the existence of the entire bourgeois society."

In a century, no Communist has topped that line. "Capitalist crisis" is still the favorite catchword of the Party.

**Marshall Plan**—Lately every seer in Moscow has spotted the U. S. as the next crisis area. The surefire sign that the U. S. has the jitters, says Moscow, is the Marshall Plan. Foreign Minister Molotov in a recent speech (reported

in Pravda on Nov. 7) gave this pitch:

- "Reading all these American plans for aid to Europe, aid to China, and so on, one might think the domestic problems of the U. S. have long ago been solved. . . . In reality matters are not like that. If the ruling circles of the U. S. had no cause for anxiety concerning domestic affairs, especially in connection with an approaching economic crisis, there would not be such a superfluity of economic projects for U. S. expansion."

Eugene Varga, head of the Institute of World Economics & World Politics of the U.S.S.R., has the same dope:

- "The economic thought of the Marshall Plan is . . . to give the U. S. the possibility of still further expanding sales of its goods in foreign markets without requiring import of goods from abroad. The more successful this is the more it will lessen the threat of a crisis in the U. S. and hinder the fall of prices."

**Postwar Prophecies**—The idea of a postwar debacle in the U. S. has occupied Soviet minds since V-J Day. The broad picture, as Moscow sees it, was painted by Gen. Andrei Zhdanov—one of the three most likely successors to Stalin (BW—Aug. 10 '46, p17)—about a year ago:

- "In the capitalist countries the shift from war to peace has brought about a sharp contraction of the market, a fall in the level of production, closing of enterprises, growth of unemployment. It is known, for example, that in the U. S. the volume of industrial production in 1946 fell by more than one-third in comparison with 1943, and the number of unemployed according to official data exceeds 3-million persons."

A little later, Moscow had to repaint the picture. When the U. S. didn't come down in a heap overnight, Varga added this tone: "The prerequisites for a crisis are quickly gathering." And he glossed: "It is not to be excluded that the crisis has actually begun, but confirming this exactly may be done only later."

**Proofs**—The propaganda mills' job of convincing Russia—and the world—that the U. S. is coming apart at the seams isn't easy. Often the statistical evidence points in another direction.

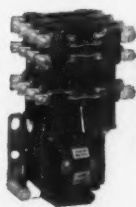
For example, Soviet commentators have trouble with U. S. unemployment figures—they are too low to suit Moscow. So the propaganda takes the line that official unemployment figures are cockeyed. In Planovoye Khozyaystvo ("Planned Economy," issued by the State Planning Commission) I. Sosensky argues thus:

- "Official figures do not reveal . . . full picture of unemployment." One



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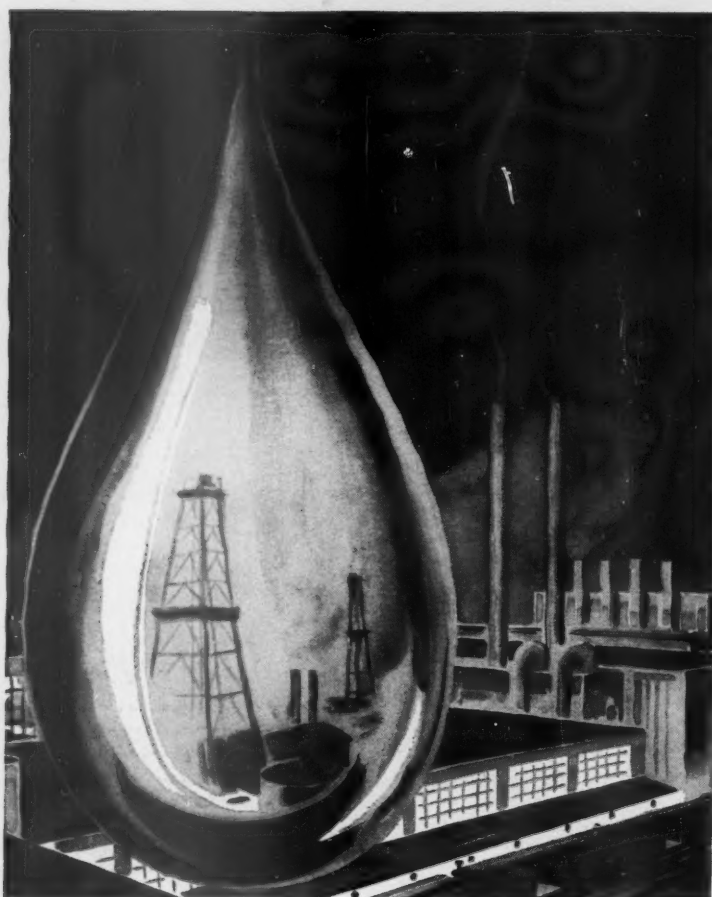
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Major and minor oil fields are scattered all over Alberta. On the south, Del Bonita, Taber-Conrad; on the western foothills and plains, Turner Valley, Leduc, Ram River; on the eastern plains, Princess, Wainwright, Vermilion, Lloydminster.

Oil gravity ranges from 10° A.P.I. to 42° A.P.I., with an industrial cost interestingly low. Continued exploration possibilities: a major industrial asset in this free land of free enterprise.

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reason: "A significant number of men and younger workers discharged after the war are not registered unemployed." Also, the figures don't show "partial employment—i.e., the existence of a great number of workers forced to work less than a full day or less than a full week. . . . Altogether more than 7.7-million workers were occupied less than a full work-week and received, consequently, reduced wages."

Trud, the organ of the Soviet trade unions, finds another weakness in official U. S. figures:

- "A significant number of veterans still have not made up their minds regarding the character of their future employment and they are not considered as unemployed in American statistics."

Treatment of workers, too, is supposed to be a semi-hidden horror. Recently Planovoye Khozyaistvo brought this situation to light:

- "In 1947 there has been a continued further increase in the cost of living and consequently a lowering of real wages of workers. . . . The pressure applied upon the living standards of the American working class grows ever stronger. Capitalist monopolies with all their abilities seek to transfer to the workers' backs the cost of reconversion and all postwar difficulties. The growth of the strike movement is the natural reply. . . ."

What the capitalists have been able to sweat out of workers, says Planovoye Khozyaistvo, they stick into their own pockets:

- "In the first quarter of 1947, corporation profits in the U. S. increased still more, exceeding an annual level of \$30-billion. The great growth of corporate profits and the simultaneous fall of workers' wages is indicative of the growing exacerbation of the internal contradictions in the development of American capitalism."

Marathon—Day after day this propaganda goes on.

Russian economists search U. S. newspapers, magazines, and government reports with microscopic care. There is always a scrap of evidence that the U. S. is going to the dogs.

Superficially, this looks silly. But in continuing with the "crisis" idea—especially now—Moscow has reasons:

Coherence—Marx is still the main author of the Communist bible. Unless the Soviets junk their entire doctrine, they have to continue with the crisis philosophy.

Stalin—He believes, with Marx, that capitalism is in for rough going. It would indeed be a brave economist who would dig up anything to the contrary.

Vindictiveness—Russia, according to

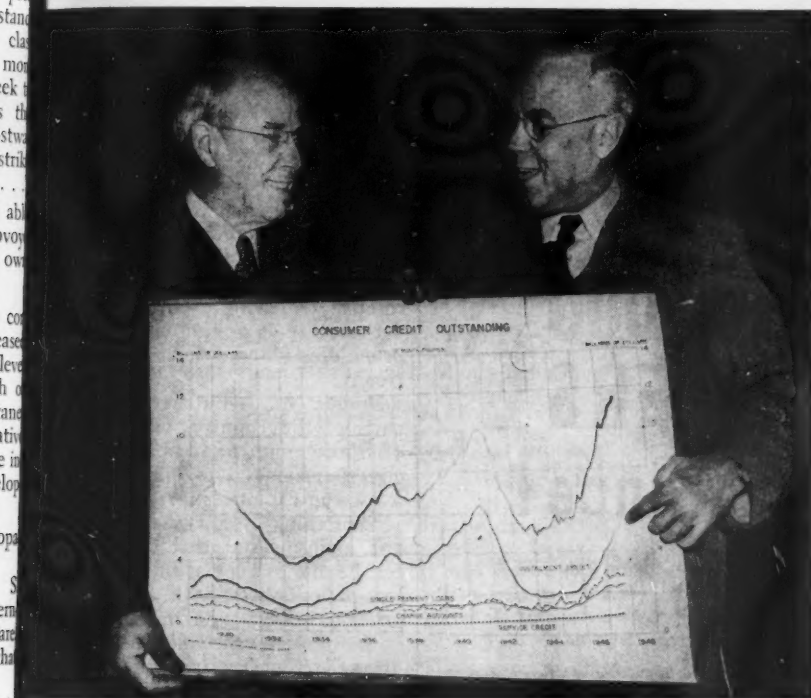
me American observers, apparently thought it could readily get a loan from the U. S. when the war ended. This is Moscow's reasoning: The U. S. was for an economic letdown when the war ended; our businessmen would thus welcome a foreign market; so, Washington would shoot some dollars over Russia. That didn't happen, of course. Now the Politburo sees Western Europe usurping Russia's place (via the Marshall Plan) and its fury waxes accordingly.

**Balm**—The propaganda is supposed to make the Russian people happier with their lot. By painting the U. S. in black, the Russian masters hope their own colors will seem brighter. This is probably the most important of all reasons for continuing the crisis talk. Here's how the Russians use that line at home (speech by Zhdanov):

• "The Soviet people go forward confidently, not fearing economic crisis and unemployment, because we base ourselves upon the different, higher socialist system of organization of the economy, which does not know crisis

or unemployment. This does not mean, however, that the postwar restoration of the national economy of the U.S.S.R. may be accomplished without serious sacrifices by workers, employees, and peasants. . . . One must keep in view that without serious sacrifices it is impossible to liquidate the heavy consequences of war—ruin and devastation—and restore the national economy. However, these sacrifices cannot be compared with the sacrifices by workers and employees of capitalist states, which are extraordinarily great, since the capitalists do not assume any concern in the work of postwar reconstruction, transferring all burden exclusively on the shoulders of workers, peasants, and employees. . . . We have not and shall not have unemployment. This gives tremendous relief for the workers and employees of our country."

**Question**—How far are the Russian leaders victims of their own propaganda? That's a question which might well worry Varga and his fellow-economists. If Molotov's political moves



## Weighing Consumer Credit Controls

Revival of federal controls on consumer credit is one point in President Truman's anti-inflation program that stands a fair chance of getting through Congress (BW—Nov. 22 '47, p. 25). Last week, R. M. Evans (right), member of the Federal Reserve Board, presented the case for permanent regulation of consumer credit to the Senate Banking Committee, headed by Sen. Charles Tobey (left).

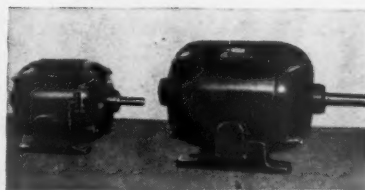
On the rest of its credit control plans, the Administration got its signals badly crossed. Reserve Board Chairman Marriner Eccles last week recommended that banks should be required to keep a secondary reserve in cash or government securities in addition to their regular reserves. The next day, Secretary of the Treasury John W. Snyder testified against the institution of any such plan.



## More Power Per Pound

A man is a very cumbersome machine weighing about 600 pounds per horsepower. But fortunately men are equipped with brains. They have been using their brains for centuries to design engines able to produce more and more power per pound.

They have done all sorts of impossible things, like racing with sound, by crowding more power into a pound of metal. That's why it's news when electrical engineers get almost twice as much power per pound out of electric motors—thanks to the exceptional heat-stability of the Silicone insulating resins developed and produced by Dow Corning.



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New 5 h.p. totally enclosed, non-ventilated Westinghouse motor (at left) protected with Silicone Insulation has same rating as much larger motor (at right) wound with Class "A" insulation.

This new Silicone insulated motor made by Westinghouse weighs only 60% as much and requires only about half as much space as a comparable motor of conventional design. In addition to enabling substantial reductions in size and weight, our tests show that Silicone insulation has many times the life and many times the wet insulation resistance of conventional insulating materials.

To further increase the life of this new Westinghouse motor, the bearings are permanently lubricated with DC 44 Silicone Grease. Altogether, it's an excellent example of what design engineers can do with materials as new and different as the Silicones are. We've seen equally significant improvements result from the use of Silicones in many different industries since we started to produce these semi-inorganic materials in commercial quantities five years ago.

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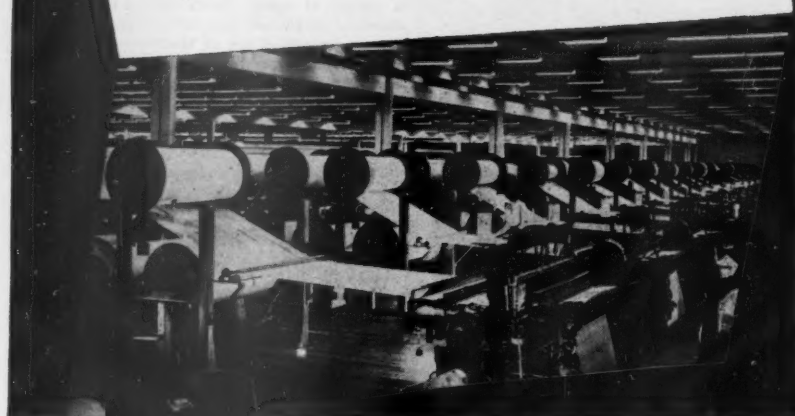
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*vision slighted, or*

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## WATCH DOG\* STARTERS make the difference!

Fluorescent lighting is a fine booster for production and for the morale of employees—when it provides the kind of steady, useful illumination that modern offices and plants demand. And that's where General Electric Watch Dog starters come in. They're made with just one thought in mind—to help you get the best possible lighting with the least cost for maintenance and replacement. As soon as failing lamps start to flicker, Watch Dogs cut them out of the circuit in less than a minute. After relamping, a push of a button puts your fluorescents right back at their peak. Eyestrain caused by constant blinking is completely eliminated, and you will be surprised at the improvement in production efficiency in any working area.

General Electric Watch Dog starters have some other pretty important advantages, too. They protect ballasts by eliminating the torture of intermittent service.

They frequently outlast ordinary starters 5 to 1.

*Watch Dogs are only one of the complete line of accessories which General Electric makes, to help you make the most of fluorescent lighting. Better check with your lighting contractor, or supplier, to make sure that the fixtures you buy and the lighting systems you operate are G-E equipped all the way through.*

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**GENERAL  ELECTRIC**

are based on an actual expectation of an early American collapse, somebody is going to be the goat when the time schedule proves to be cockeyed.

## Unfounded War Rumors Again Sweep U. S.

It is just like pre-Pearl Harbor days—rumors are rampant. And they all have a good war slant.

• **Rumor No. 1**—From here and there last week came positive statements that the War Dept. is rushing arsenals back into ammunition production and pushing shipload after shipload of munitions overseas.

Deflated, the story comes out like this: The Dept. of the Army recently was asked for M-1 (Garand) rifles for the National Guard. There weren't quite enough here so, to save trouble, one arsenal was directed to run off a couple of thousand.

As to ammunition, production remains at normal peacetime levels in what arsenals are still in operation. No new ones have been opened and production is maintained for the usual training and standby stock.

• **Rumor No. 2**—Then there are shops that are out of nylon hose. Out of the ether grew the story that all nylon plants were going back to making parachutes.

The facts, when traced back to the hosiery manufacturer, are simply this: He is making all the hose he can with his nylon allotment from du Pont; the company is having to allocate its product because it is running into delays in building a new nylon yarn-producing factory.

• **Rumor No. 3**—Butchers in scattered parts of the country, temporarily out of shortening, told housewives that glycerin-making is to blame. (Glycerin is used in explosives.)

Shortening producers debunk that one, pointing out that spot shortages can be due to a lot of things, such as a lack of containers. Both shortening and glycerin makers note that it is highly doubtful that vegetable oils are being diverted from shortening to glycerin; edible oils are just too high priced to use in glycerin. Anyway, says one: "You don't manufacture glycerin. You manufacture soap and by doing that you get glycerin. It would be foolish to make glycerin unless you had a market for the soap."

• **Rumor No. 4**—Executives of a large aircraft engine plant are to be frozen in their jobs—so goes the story. The plant manager replies that this one is plain silly. For months, he points out, his company has been begging for enough government orders to keep the plant going.



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What is there about a bulletin from the home office that keeps salesmen selling?

The answer is: it's the feeling of personal contact, with your name, as sales manager, signed to a personal message that puts you at every salesman's shoulder.

And the way to produce these "sales stimulators"—weekly bulletins, selling suggestions, price and product information—is with the Mimeograph brand duplicator.

You do it quickly. Economically. In the privacy of your own office. With illustrations. And in a rainbow of colors if you wish.

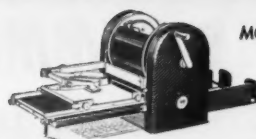
For more details on stimulating sales with "sales stimulators" produced on the Mimeograph brand duplicator, call the Mimeograph distributor—or clip and mail the coupon today.



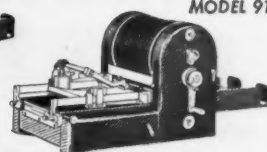
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MODEL 90



MODEL 91



MODEL 92

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## Only FANFOLD GUMMED LABELS

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FANFOLD GUMMED LABELS, long a favorite for labeling file folders and many other uses, now come to you in an exclusive modern package with Cellophane window-end for quick color selection and with patented pull-out tray that enables you to feed up to 500 labels continuously into the typewriter.

FANFOLDS come in 9 colors—and secretaries or file clerks here's a tip for you. For *flash-finding* of file folders, use different colors... white FANFOLD LABELS for letters, blue FANFOLDS for bills, canary FANFOLDS for contracts, and so on. The Globe-Wernicke Co., Norwood, Cincinnati 12, Ohio.

Patented Dispenser box. Can't roll, tip or spill. Cellophane window-end for quick color selection. 9 colors for filing classification. Fine bond paper takes erasures. Quick-stick adhesive. Can't curl or stick together. Rolls into typewriter. Folds back into box.

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Stationers now feature these modern time-savers—display them in this container. So get FANFOLD LABELS today. They cost so little, and you will be amazed how they take the work out of folder labeling.



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Visible Record Systems  
Office Furniture  
Bookcases  
Stationers' Supplies

## TAXES

### Local Levies Rise

Payroll taxes in favor with cities that are pinched for funds. State court kills Pennsylvania community property law.

Municipal governments all over the country are having budget trouble these days. Their expenses have been shooting up along with everything else. Their tax yields—usually geared to real estate levies—have increased only modestly.

• **Wage Tax**—As a result, more and more cities are slapping on new taxes or hitching up the rates of the old ones. A trend that may give taxpayers a lot of grief is the tendency of hard-pressed municipalities to adopt an income or payroll tax as the easiest way out.

Columbus, Ohio, is the latest to embrace the payroll tax (BW—Nov. 22, p. 34). Despite strong union opposition, the city council voted last week to collect 0.5% on all salaries and wages and all corporate profits earned in the city. The new tax will go into effect Jan. 1. City fathers estimate that it will yield \$24-million to \$3-million a year. They will use the revenue for general operating expenses and—if anything is left over—for capital improvements.

In Philadelphia, two new levies will take effect next year:

(1) The city board of education has just voted a mercantile tax—one mill on retail sales and one-half mill on wholesale sales—and,

(2) A personal property tax of four mills on the principal of mortgages, stocks, bonds, and money at interest.

• **Community Law Killed**—Meanwhile, Pennsylvania residents are having another sort of tax trouble. The state supreme court last week declared the new Pennsylvania community property law unconstitutional. So residents who had counted on splitting their incomes equally between husband and wife on federal tax returns (thus getting into a lower surtax bracket) will have to do some hasty refiguring.

The court's main objection was aimed at the provision of the law that tried to give a husband and wife equal interest in income from property that had been owned separately before the law took effect. This, the court said, is prohibited by the state constitution. And in any case, it added, community property may be all right for states that derive their law from the ancient Spanish code, but it is too "exotic" for Pennsylvania.

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→ of Mishawaka, Ind.

This recent advertisement features a contribution by Dodge to the Air Conditioning Industry.

**Ventilation?**  
*Here are six miles of it!*



**THIS HUGE FAN** sweeps the pure air of the Rockies more than six miles through the Moffat tunnel, where 25 to 45 trains daily ply from slope to slope. Train follows train, at fifteen minute intervals, pouring smoke and steam into the tunnel's narrow confines. Like a giant lung, the fan clears the air new confines. Like a giant lung, the fan clears the air new confines.

Air conditioning is another of the modern "miracles" which have become commonplace in American industry. In factories air conditioning helps to speed production, increase precision and control quality. In restaurants,

stores and theaters it protects profits all year around. In homes, clubs and hospitals it serves health and comfort.

Dodge makes an important contribution to the achievement of this industry. Working closely with equipment manufacturers, Dodge has developed America's most complete line of fan and blower bearings—engineered to meet the particular requirements, precision built to ensure greater and smoother operation. From this mammoth special installation in the Moffat tunnel to standard sized units for modest homes, there are Dodge bearings to

meet all needs in air conditioning and control. Whenever Dodge Transmissioners apply themselves to the problems of a specific industry the way is opened to greater efficiency and economy. That's why it will pay you to have a serious talk with a Transmissioneer—your local Dodge distributor. He has information on the latest developments in power drive equipment. Look for his name under "Power Transmission Equipment" in your classified telephone directory.

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MISHAWAKA, INDIANA



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# COMMODITIES

## Tin-Saving Order Coming

But it won't regulate end-use of cans. As Commerce Dept. now plans it, order will allocate tin to users on quota basis. Beer, coffee, and pet-food packers asked to cut can use voluntarily.

There has been no Commerce Dept. decision to forbid use of tin cans by packers of coffee, beer, and pet food. Nor is there likely to be such an order.

• **In the Works**—The department says that a tin conservation order is in the conference stage. But it will not involve end-use control of tin products. And the fact that a cut in output of tinplate and terneplate will save steel is of only secondary importance, the department says. Its main interest is in conserving tin. Reason: It has been under pressure from the military, which wants more tin for building up its stockpile.

The ultimate tin conservation order is due out in about two weeks. In all probability, it will be a quota cut on allowable uses of the metal. It will not "forbid" use of tinplate for any particular purpose. But, by means of tin quotas,

it will probably cut back the total amount of tinplate being produced. Commerce Dept. official says flatly that more stringent measures will be invoked "only if absolutely necessary in the future."

• **Cooperation Asked**—But Commerce still hopes to cut some uses of tin cans through voluntary cooperation of packers. Conferences with coffee, beer, and pet-food canners have already been held. In these talks, Commerce suggested a goal: a 50% cut in use of beer cans, a changeover from tinplate to black plate for coffee; and substitution of black plate for tinplate in tops and bottoms of pet-food cans. Beer in cans appears to be the main conservation target—particularly since beer cans alone use about four times as much tin as either coffee or pet food.

No agreement had been reached by



## Margin Problem—Positive and Negative

Last week, congressional committees, tackling the inflation bogey, took a look at the commodity exchanges. On the question of commodity trading margins, the Joint Committee on the Economic Report heard J. M. Mehl (above), administrator of the Commodity Exchange Authority. He urged

broad powers to boost margins far above those currently required, as a move against inflation. But Sen. Robert A. Taft, chairman of the joint group, took a dim view of Mehl's proposals. He said that he could not see that commodity exchange regulation had "a great bearing on the price question."

# A Tintype that's still in style



**YES**, electrolytic tinplate is here to stay. Its acceptance, won in wartime in the effort to conserve tin, is further strengthened by years of experience highly satisfactory to can maker, canner and consumer alike.

Youngstown Electrolytic Tinplate is made from special open hearth steel, cold-reduced with precision accuracy to the exact gauge desired. It is tempered to that delicate balance of ductility and tensile strength which best meets the fabricator's forming operations. Then in an endless sheet, speeding at approximately 500 feet per minute, it receives an electrolytic seal-coat of pure tin. The result is a superior product, delivered in increased volume at lowest possible cost.



No other material is available in the vast quantities needed at such low cost. For your products which need sure and lasting protection, you can depend on cans made of Youngstown Electrolytic Tinplate.

# Youngstown

## ELECTROLYTIC TINPLATE

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## Talking it out Gets results in INDIANA

● In a southern Indiana town . . . in previous years torn by labor strife . . . management, labor, government and public-spirited citizens sit down and talk things out. They hold town meetings and opinions are freely aired. Result—a town fully aroused, willing to arbitrate differences, determined to grow, and sure of every citizen's support.

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This town is typical of Indiana. You'll find excellent management-labor relations here . . . because of sane, co-operative leadership on both sides. For harmonious, productive labor relations, locate in Indiana!

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early this week; more government-industry conferences had been scheduled.

● **Supply and Demand**—All things considered, the tin supply situation is not in bad shape. At the end of October there were 21,000 long tons of pig tin in the government's civilian stockpile (not to be confused with the military pile).

During the first nine months of the year industry consumed 47,570 long tons of primary tin. In the same period, production of new metal from the government smelter and two small private reclaiming plants, plus imports, totaled 45,657 tons. The 2,000-ton deficiency was made up by withdrawals from the stockpile.

● **Not Enough Output**—However, the world supply of tin during the next five years will not improve enough to allow both military stockpiling and full industrial use of the metal, according to government metals economists.

In order to make the supply go as far as possible, then, there will have to be some restriction on use of the metal by nonessential users.

Actual industrial use of all tin, both primary and secondary, amounted to 64,685 tons in the first nine months of this year. Of this, 23,312 tons went into tinplate and terneplate. The remainder went into brass and bronze, solder, babbitt, chemicals, tubes, foil, and plating. Of the total amount used, 47,570 tons was new tin and 17,115 tons was metal reclaimed from scrap. Tinplate and terneplate production took roughly half of all new tin used.

● **New Powers Asked**—An order banning certain uses of cans is still possible. If President Truman gets the authority he has asked to allocate steel, can users are likely to be one target. According to one Commerce official: "It might be inferred that conservation measures for this metal [steel] would turn to the same commodities now being considered nonessential for tin use." That means coffee, beer, and pet food.

Should these three products be ruled out of cans altogether, the annual saving of tin would amount to 1,250 tons, of steel to 500,000 tons.

● **Another Source**—The can manufacturers are a little miffed that they weren't invited to the conservation conferences. And they bring up one big potential source of tin saving that Commerce hasn't mentioned.

Total tinplate production this year, they estimate, will be about 4-million tons. Of this, 3.4-million tons, more or less, are for domestic consumption. The other 500,000 to 600,000 tons will be exported. To put that figure in perspective, the U. S. exported only 377,946 tons of tinplate in 1946, only 6,000 tons in 1941. Next year, the can makers say, exports will probably come to some 725,000 tons.

The can manufacturers' main objec-

tion to the export program is that there appears to be insufficient control of tin use abroad. For example, they say American tinplate has turned up in Brazil in lubricating-oil cans. Considerable tin saving could be effected, they assert, if the U. S. were a little tighter-fisted about the tinplate and tin can exports.

## Quinine Surplus?

The Dutch, who control the world cinchona supply, claim there will be plenty of finished products for U. S. in 1948.

There will be no U. S. shortages in 1948 of cinchona products, the vitamin quinine and quinidine drugs.

That assurance came this week from Dutch cinchona interests via the American representative, Norman Taylor, director of Cinchona Products Institute, New York.

● **1948 Imports**—The Dutch control most of the world's present supply of high-grade cinchona (BW—Nov. 15, p44). Taylor's figures as to what the U. S. can expect from the Dutch cinchona bark and finished products are:

**Quinine** (chief medical weapon in fighting malaria): The U. S. has received 600,000 ounces during 1947, most of it in the last four months. The Dutch say that exports to the U. S. in 1948 will depend on American demand but they claim they can meet it.

**Quinidine** (needed to combat heart palpitation): 475,000 ounces scheduled through June, 1948. The U. S. will have to look to American processors to round out the 600,000 ounces needed for the period, as estimated by government officials.

**Cinchona Bark**: 300 tons have been shipped directly to America from Java since July, 1947. The Dutch say they can't predict how much bark will be available in 1948, but they feel they can equal or better the 1947 flow of cinchona to the U. S. American processors who'd much prefer to see bark coming in than the finished product, would be happy to get 3,000 tons.

● **Prices**—Finished quinine from Holland will cost 80¢ an ounce, quinidine 95¢ an ounce. The Dutch would give out no figures on how much cinchona bark will cost American processors, but the processors themselves hinted that they may have to pay almost double the prewar price of 20¢ to 30¢ an ounce.

At those prices, the processors say they will have a hard time competing with imported quinine and quinidine from Holland.



# AUTOS AND TRUCKS



THE FARMER'S TRUCK: a big factor in the growing medium-weight market

## Medium Truck Future Bright

But manufacturers believe lushest period is over; customers begin to get choosy. Farm needs and expanded market expected to bolster sales. Big producers crowded more by small ones.

Business Week has been surveying the truck field for the past few weeks to get a complete sales-production picture of that industry. Results are being presented in a series of three articles. This is the second; it deals with medium-weight vehicles.

The mainstay of the truck business is the medium-weight job. Today it's a much-in-demand article. But scattered signs are beginning to show that it's nearing the end of its lush postwar period.

Many manufacturers in the field believe the "emergency demand" phase has been satisfied. They believe that the field is now well along into a period of "intense demand"; customers still need trucks, but they are beginning to get choosy, just as they did last winter in the heavy truck field. At that time, the choosiness marked the beginning of the end of the seller's market in the top-weight class (BW—Nov. 29 '47, p. 28).

• **Over and Under**—Medium trucks properly run from about 9,000 to 16,000 lb. gross vehicle weight—which means weight of vehicle and load combined. Actually, however, there is another segment of this weight class which runs from 16,000 to 24,000 lb. g.v.w. This segment can be tied about as well to the medium-weight jobs as to the heavies over 24,000 lb.

One prime difference between these two classes is that two of the three vol-

ume leaders of the entire truck field do not go beyond medium weight. Chevrolet and Ford hold to a top of 16,000 lb. Dodge, however, has a few entries above that level.

• **Leaders**—The volume leaders in the true medium-weight field, alphabetically listed, include Chevrolet, Dodge, Ford, International, and Studebaker. But in the relatively narrow light-heavy class immediately above, the high-rankers would be: Dodge, GMC, International, Mack, and White.

Many of the medium truck rankings have been considerably shuffled from their prewar state. Ten years ago, the positions of the producers were fairly well-fixed. Chevrolet, Dodge, Ford, GMC, and International stood in a group at the top. The rest were definitely in a second flight of contenders.

• **Narrower Leads**—Now, however, that picture has changed. The largest truck makers are still out in the lead, but their competitors are crowding them much closer.

Studebaker, for example, has suddenly become a big factor in the medium truck field. During the war it enlarged facilities very considerably to build 2½-ton trucks for the Army. Now it is building 1,000 to 1,500 trucks per week—about as many as it formerly turned out in an entire year.

Reo is producing around four times

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its prewar rate of approximately 100 a week. Federal, formerly a builder of 50 or 30, is building four and five times that number. Other kingpins in the medium-truck field—White, Diamond T, Mack, and others—are doing double or better their prewar rates.

• **Proportionate Gains**—It is among this group immediately under the leaders that the big gains, proportionately, have come in postwar truck output. They have not been hemmed in quite as much by materials problems and capacity as the top volume producers.

Manufacturing figures show that medium trucks came to 48.53% of total output during 1946, light-heavies, 5.3%

more. This year those proportions won't change much. The medium proportion will dwindle a percentage point or so; and the light-heavy ratio will rise about the same. But the total unit figures themselves will be larger. U.S. output in 1947 will reach a record of some 1.2-million trucks, as contrasted with 938,263 in 1946.

• **Replacements and Demand**—As a group, the medium-truck makers figure that their bigger volume will come not only in replacement sales (which, obviously, are beginning to get caught up) but in an expanded market as well.

Today there are less than 7-million trucks in service. More than half of

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THIS IS ABOUT YOUR CHEVROLET PLYMOUTH SIZE

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"BU" CAR CLASS

**ENGINE** MAKE SURE YOURS ISN'T MISSING!

**INTERIOR** CHOOSE THE UPHOLSTERY-INTERIOR MATERIAL FROM THESE

**CHROME** HOW MUCH BRIGHT TRIM WOULD YOU LIKE?

**ACCESSORIES** HERE ARE SEVERAL SUGGESTIONS. IN THE TALLY COLUMN THERE IS A LINE FOR EACH ITEM YOU CHOOSE.

**OVERDRIVE** THIS WOULD COST \$80. (FEWER ENGINE REVOLUTIONS PER MINUTE AT HIGHER SPEEDS)

**AUTOMATIC TRANSMISSION** (ELIMINATES GEAR SHIFTING) IF YOU WANT THIS, ADD \$150.

**STRAIGHT** \$400—HONEY \$50 RAY STAY \$80 RALLY \$100 PACIFIC CRASH \$200

**See—You've designed your car! Now total the tally column...**

PRINTED: If you wish, if the total cost of your car is too high or too low try it again using the other half of the tally column. Then we can make where you have revealed your choice. Before you design a car, we can't design it for a year—1947 why are you not happy? PLEASE BE SURE TO FILL IN THE "NO SIGNATURE" SECTION ON BACK OF THE TALLY COLUMN. WHEN YOU HAVE FINISHED, JUST TEAR OFF THE TALLY COLUMN, FOLD IT, DROP IT IN THE MAIL.

## What Will They Pay for What They Want?

A novel approach in market research is being undertaken by Ford Motor Co. with a big four-color broadside (above). It lists major car components and their prices. From it you decide what you want in a new car. Then you tally up the costs, reveal your in-

come, send the "design" sheet to Ford. It's being mailed to 25,000 motorists—owners of 17 makes of cars. Besides sampling public wants, the chart subtly serves another purpose. The price breakdown lets the customer see why today's cars cost more.

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Where can a Railroad, for example, get its diversified piping requirements? Piping for station buildings and shops . . . for power plants and right-of-way services . . . for locomotives and cars. Piping of brass, iron, steel, and alloys . . . for handling steam, water, oil, air, gas, and other fluids.

Railroads are typical of many industries served by Crane, whose piping requirements range from "A to Z." For them as for food, chemical, or petroleum plants, Crane is like a department store—a source of everything in piping equipment.

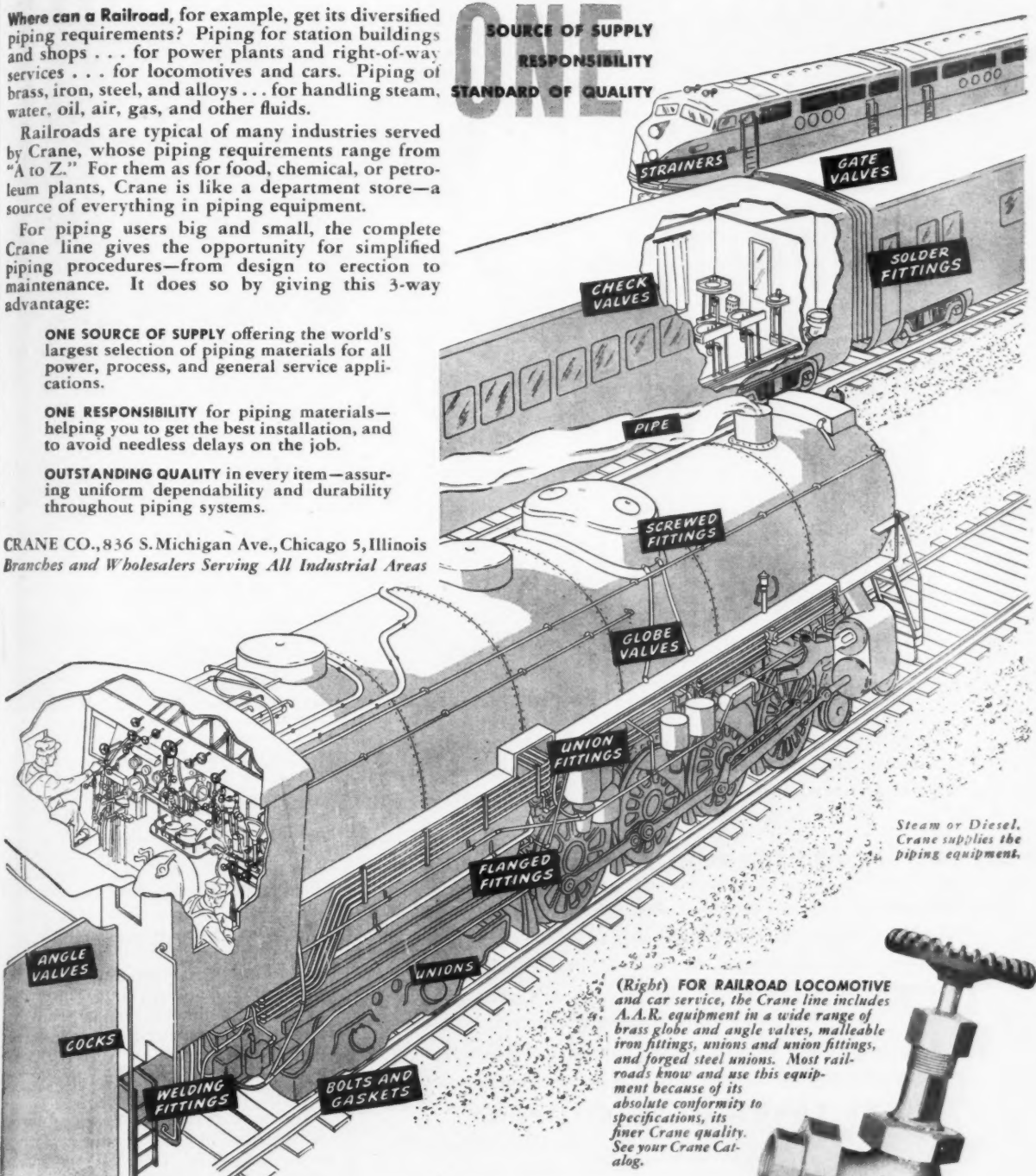
For piping users big and small, the complete Crane line gives the opportunity for simplified piping procedures—from design to erection to maintenance. It does so by giving this 3-way advantage:

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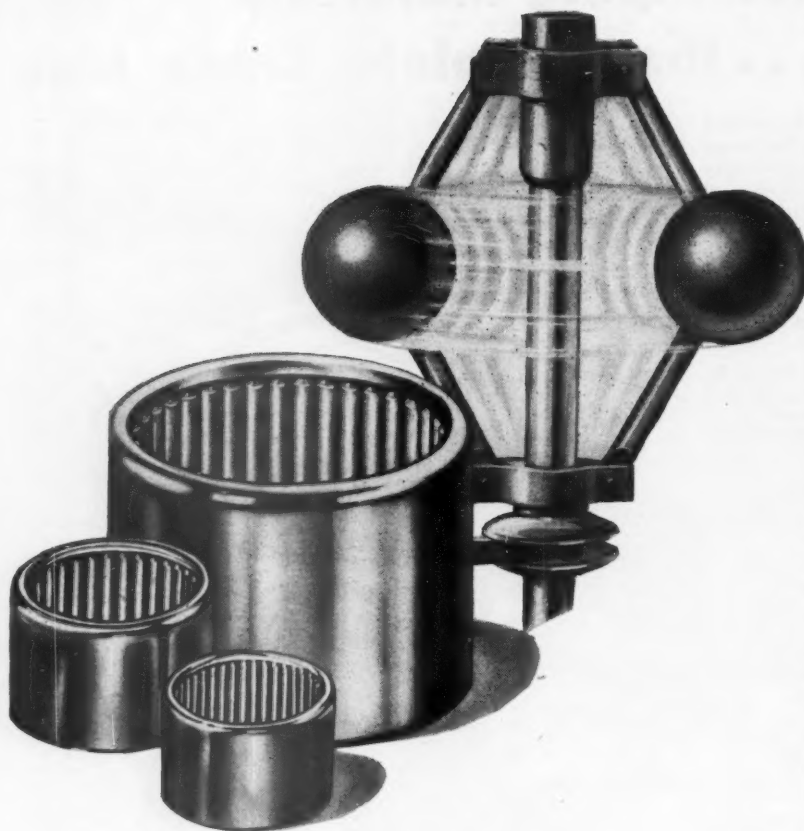
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# TORRINGTON BEARINGS

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these are in the 9,000-to-24,000-lb. class. During the next decade, most sales departments look for an increase in registrations to 7.5-million units or more.

Salesmen believe that the medium-weight class will benefit from the main proportion of this total. Reason: Light-truck operators tend to increase their sizes one or two steps, so that the same driver can handle larger pay loads.

• **Farm Demand**—Sales managers figure that the backed-up demand for medium trucks lies mainly among farmers and fleet owners. (Nevertheless the needs of individual truck operators are still substantial.) Farm prosperity, they expect, will bolster the market through 1948. Some have expanded dealer outlets in rural areas, in anticipation of this.

## The Medium Truck Makers

Producers of trucks in weight classifications from 9,000 to 24,000 lb. g.v.w. would include these:

Available Truck Co., Chicago  
Brockway Motor Co., Cortland, N. Y.  
Chevrolet Div. of General Motors Corp., Flint, Mich.  
Corbitt Co., Henderson, N. C.  
Diamond T Motor Car Co., Chicago  
Divco Corp., Detroit  
Dodge Div. of Chrysler Corp., Detroit  
Duplex Truck Co., Lansing, Mich.  
Federal Motor Truck Co., Detroit  
Ford Motor Co., Dearborn, Mich.  
Four Wheel Drive Auto Co., Clintonville, Wis.  
GMC Truck & Coach Div. of General Motors Corp., Pontiac, Mich.  
Hahn Motors, Inc., Hamburg, Pa.  
International Harvester Co., Chicago  
Mack Trucks, Inc., Long Island City, N. Y.  
Marmon-Herrington Co., Indianapolis  
Oshkosh Motor Truck, Inc., Oshkosh, Wis.  
Reo Motors, Inc., Lansing, Mich.  
Sterling Motor Truck Co., Milwaukee  
Studebaker Corp., South Bend, Ind.  
Walter Motor Truck Co., Ridgewood, N. Y.  
Ward LaFrance Truck Corp., Elmira, N. Y.  
White Motor Co., Cleveland

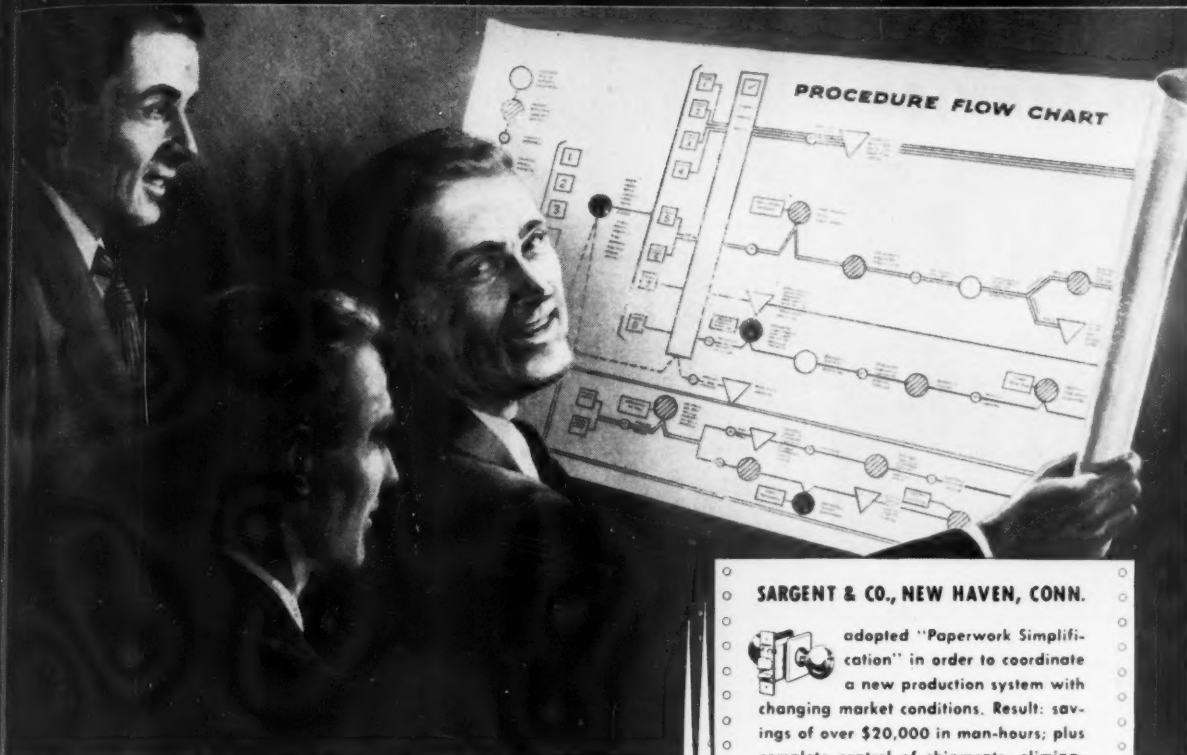
## PLAYBOY FINDS HOME

The Playboy, bantam car hopeful of Buffalo used-car dealer Lou Horowitz, has a new production-line target date. Horowitz once expected his car to be in quantity production by May of 1947 (BW-Mar.15'47,p16). Last week he set April, 1948, as his goal.

The cause of Horowitz' surge of hope was that he had finally found a factory for his dreamchild. The War Assets Administration gave its O.K. to Horowitz' bid of \$2,259,000 for a surplus plant on the edge of Buffalo. Horowitz plans to tool the plant to turn out 100,000 cars a year.

In the 10 months of waiting, the car's original price of \$950 (which officials had "hoped" to cut to \$750) climbed to \$985 f.o.b. Buffalo.

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"Paperwork Simplification" is developed by a careful analysis of your forms writing and handling by Standard Register specialists using exclusive techniques. As a result of this study, and reference to Standard Register's vast storehouse of experience, changes in your paperwork are suggested. Operations may be combined, eliminated, or simplified. Next, a

special, marginally-punched, continuous form is designed, produced, and guaranteed to meet top standards of precision, quality and efficiency.

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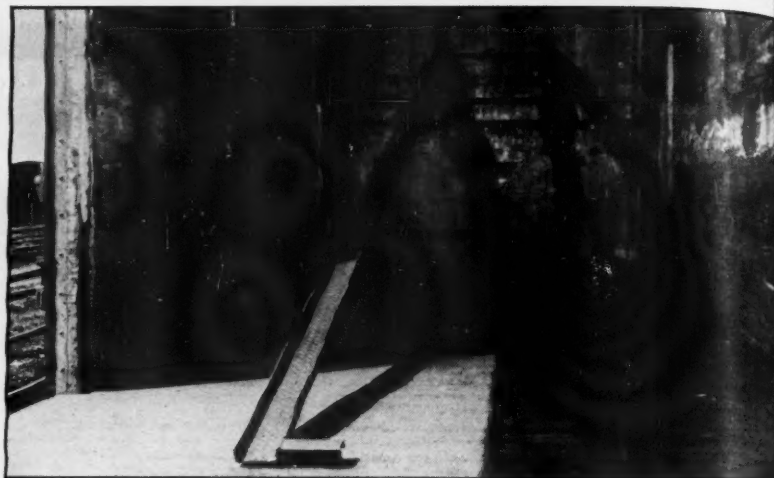
**How long should Industrial Trucks last?** . . . In 1923, the Western Brass Mill at East Alton, Ill. bought 3 Baker Low-Lift Platform Trucks. Since then they were used continuously on all shifts. During the war they operated 'round-the-clock, seven days per week. Since the war, they have been on three 8-hour shifts six days per week. Thus each has been in continuous service the equivalent of 60 to 65 years of 8-hour days!

The trucks are not pampered. They were designed for the rigorous service expected of them. Day after day they handle brass-castings, pig copper, coiled strip, etc.—and are exposed to the strenuous conditions typical in a brass rolling mill. Their long life is a tribute to their rugged construction and to an excellent maintenance program pursued in the plant.

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PRELIMINARY STEP: Offbalance, the empty ramp awaits its load

### Balance Ramp for Big Boxcar Loads

A seesaw upper-deck loader will get two extra Crosley cars in a boxcar. The New Richmond (Ohio) Welding Service developed the device. To load, the car is driven up the ramp (above) at each end of the boxcar. As the auto passes the center, the car weight teeters the ramp (center) into a horizontal position, where it is locked. Time: under three minutes. Cost per unit: \$250.



IN MID-AIR: Just past the fulcrum, the car teeters into position



READY TO GO: Aloft, car and ramp are locked securely in place



# The 4 most common typing faults

... and how to avoid them!



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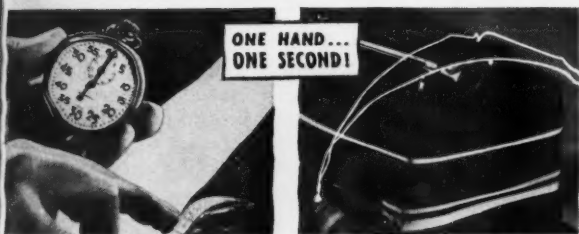
**"WRISTS** relaxed and slanted about parallel with keyboard; fingers should be curved and resting lightly on the guide keys."



**"CORRECT FINGERING** means 'hugging the keys.' Avoid raising hands above keyboard, which causes fatigue, loss of speed."



**"START** carriage with crisp throw, let momentum do the rest. Return left hand to guide keys. Don't look away from copy."



## TRY SMITH CORONA'S AUTOMATIC MARGIN SET

With one hand, as shown, set both right and left margins with flick of the index finger...it's fast (actually less than one second) yet simple. Saves

time. See this 'line of light' photo of operation—one hand, both margins set, hand back on keyboard. Figure that saving in a day's typing!

*The only office typewriter with this exclusive feature*

**I** WILL pay you to ask for demonstration of this unique Automatic Margin Set.

Also, see how quickly tabulator stops are set and cleared, how accurately the ratchet release operates, how closely the feed rolls grip the paper. In short, discover not only the speed, but the easy action and complete equipment of this finely-engineered machine.

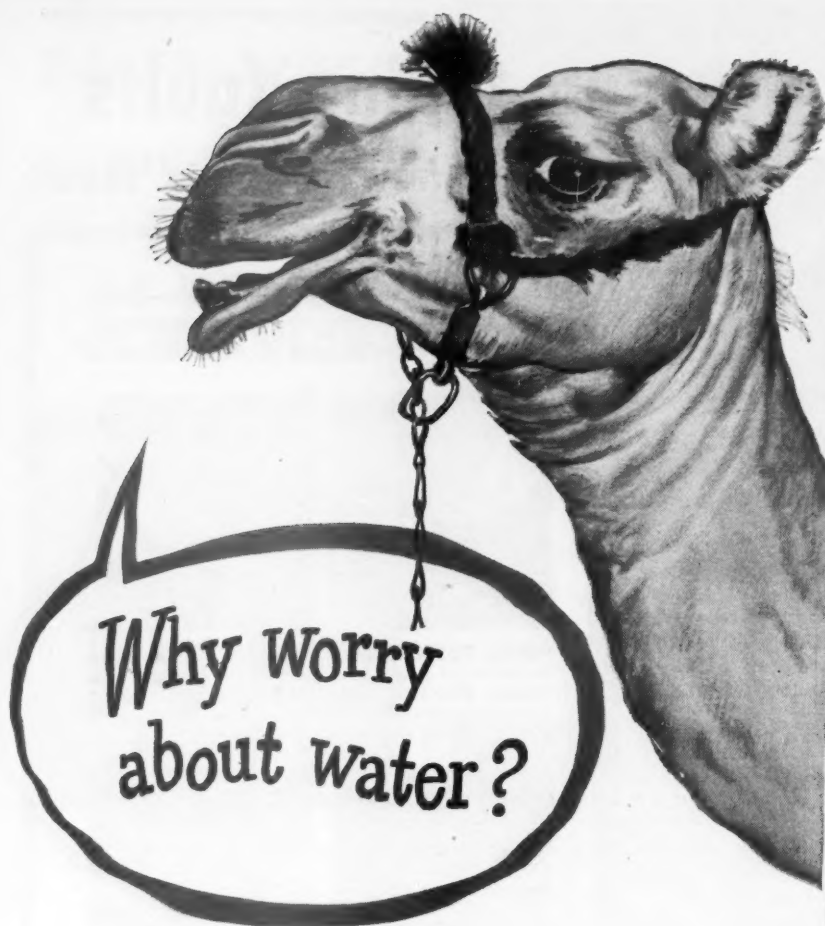
Any Smith-Corona branch office or dealer can give you the story.



## SMITH-CORONA

OFFICE TYPEWRITERS

Makers also of famous Smith-Corona Portable Typewriters, Adding Machines, Vivid Duplicators & Typebar Brand Ribbons & Carbons.



**A** camel seldom has to... but manufacturers using modern equipment and materials *do!* For process water, if keyed to plant requirements, will cut costs, raise quality and speed production! Definitely, your own process water is worth checking... worth keying to your new machines and methods!

Permutit has been solving water problems successfully for industry for more than 34 years. Regardless of your local water conditions, consult Permutit's engineers without obligation! Just write to The Permutit Company, Dept. BW-12, 330 West 42nd Street, New York 18, N. Y., or to the Permutit Company of Canada, Ltd., Montreal.

Now available—the new electric automatic water softener for the home. Easy F. H. A. terms! No down payment!

# Permutit

WATER CONDITIONING HEADQUARTERS FOR 34 YEARS

## Car-Record Plan

Chevrolet's new method for keeping dealer accounts proving so popular it may be adopted by other industries.

Chevrolet has worked out an accounting method for its dealers which may spread throughout the auto trade and on to other industries.

The General Motors division's new Daily Management Plan shows dealers on a day-to-day basis how actual sales and profits stack up against projections. Dealers and their accountants like it so well that home-office executives are worried about how to keep its details in the family.

• **Not First Plan**—Daily management plans in the auto business are not new. Motors Holding Division of General Motors, which finances many G.M. dealerships, devised such a plan during the 1920's; this program is still largely in use. Chevrolet adopted a similar plan a few years before the war. But the new method is so superior to older ones that Motors Holding is going to recommend that all Chevrolet dealers adopt it.

The plan is aimed at the competitive period which will return with a buyers' market. But even today, Chevrolet believes its use will make more money for dealers.

• **Basic Parts**—The plan consists of four basic parts: (1) a sales and profit forecast; (2) a master control record; (3) a daily operating record for all department heads within a dealership; and (4) an accountant's daily worksheet.

The heart of the procedure lies in the accountant's worksheet. That's why Chevrolet is pleased at the plan's reception by accountants. Reversing the usual procedure of a dealer taking new ideas to his accountant, Chevrolet approached the accountants directly through its Business Management Councils. These councils were established in January; there are 228 throughout the country, including more than 5,000 accountants.

• **Accountants Approve**—The councils held a quarterly meeting on Sept. 1, when a full day was spent explaining the new project. Since then, 1,800 accountants have written to ask Chevrolet for forms.

Admittedly a daily plan may cause additional work for accountants. But Chevrolet feels, and the accountants seem to agree, that the plan actually saves time by eliminating the huge backlog of work that accumulates by the end of the month.

• **How It Works**—First step calls for the dealer to project sales and profits for a set period, usually a month. This

imate includes every phase of the business—new and used cars, parts and service departments—all pitched against operating expenses. By totaling and comparing the two columns, the dealer finds what his gross and net profits would be. Then he divides sales figures by the number of working days within the period he has selected. This tells him how much he must sell each day to make the desired profit. This information is then transferred to the accountant's daily worksheet. A different worksheet is used each day, with cumulative figures.

**Key to Problem**—Chevrolet says such a worksheet has been the main lack in previous plans. A solution to this problem occupied most of the 14 months' search that went into the plan.

The worksheet is so complete and easily maintained that transferring daily proceedings and projections to it is almost automatic and error-proof.

The dealer transfers his projected sales and profits to a master control record. A separate operating record is issued to managers of the new-car, used-



**PC GLASS BLOCKS** provide ample, diffused daylight, which can be directed to remote working areas, thereby increasing usable floor space.

**PC GLASS BLOCKS** possess insulating qualities that reduce heating and air-conditioning costs, help maintain desired temperatures, minimize condensation.

**PC GLASS BLOCKS** give any building a neat modern appearance. They clean easily, rarely need repairs or replacement, help reduce maintenance costs.

**PC GLASS BLOCKS** form a solid, translucent wall, which insures privacy for offices and workrooms. They prevent infiltration of drafts, of harmful dust and grit.

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● Plant managers who have installed PC Glass Blocks can tell you that they improve the appearance of the plant, set new high standards of efficiency, hold operating costs down to new lows. Whether you are planning for new buildings or for a modernizing program, be sure you have the latest information on PC Glass Blocks. Send the coupon today for our booklet. No obligation. Pittsburgh

Corning Corporation also makes PC Foamglas Insulation.

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Please send along my free copy of your new book on the use of PC Glass Blocks for Industrial Buildings. It is understood that I incur no obligation.

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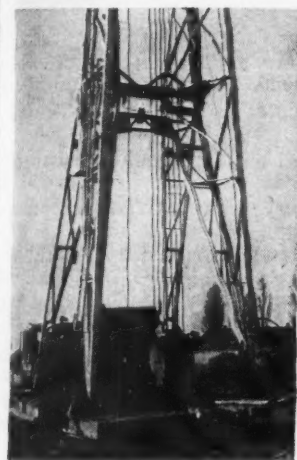


FOR ADDITIONAL INFORMATION SEE OUR INSERTS IN SWEET'S CATALOGS

# GLASS BLOCKS

Distributed by PITTSBURGH PLATE GLASS COMPANY

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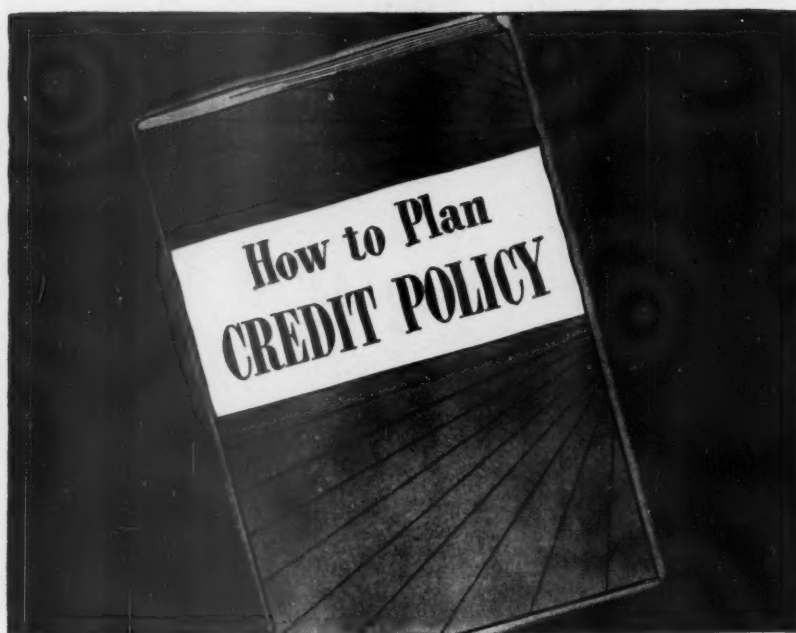


## LONDON TOWER

London is looking for oil—in its own backyard. On a one-time recreation ground at Willesden, London, D'Arcy Exploration Co. has erected a 94-ft. derrick. Under way is a 2,000-ft. test bore which the company, an Anglo-Iranian Oil subsidiary, hopes will prove the presence of oil deposits.

It all started when a nearby laundry discovered traces of oil while drilling for water. Geologists don't expect a bonanza. But they're banking on at least a small boost for Britain's domestic production.





*Just Published—* **This New Book**  
**May Save Your Company THOUSANDS OF DOLLARS**  
**in the Next 12 Months**

**T**ODAY it is vitally important for your business to have a sound credit policy. Credit losses are climbing, and no one knows how far this trend will go. *It's time to watch your receivables.*

"HOW TO PLAN CREDIT POLICY" was written to give business men the information they need to meet these current conditions. This book shows, with actual case histories, the procedure by which shaky accounts can often be detected before they become delinquent. It outlines the methods whereby executives can avoid squandering their time . . . by formulating policy rather than executing credit details. It explains the basic principles of all credit policy.

Finally, "HOW TO PLAN CREDIT POLICY" tells, with charts and examples, how the MINMAX Principle of Credit Control, accomplished through Credit Insurance, permits accurate budget calculation . . . provides freedom from unexpected credit losses and prevents an excessive number of delinquent accounts, thus safeguarding both your working capital and your profit.

We will be glad to send you "HOW TO PLAN CREDIT POLICY" without cost or obligation. Write for your copy today. Address: American Credit Indemnity Co. of New York, Dept. 42, Baltimore 2, Md.

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**American**  
**Credit Insurance**  
*Pays you when*  
*your customers can't*



OFFICES IN PRINCIPAL CITIES OF UNITED STATES AND CANADA

car, parts, and service departments. If the dealership is small, the dealer himself keeps all necessary records.

Each department head then knows exactly what performance his department should make each day. The new car department head, for example, knows how many cars and trucks he must sell daily to reach the monthly total. As an adjunct, he also keeps record on each of his salesmen.

• **Advantage**—The advantage in the daily record is obvious. The dealer always knows exactly how he is doing. If car sales for a week, for example, fall below projections, he can lay his finger on this weak point immediately.

Heading the group that worked for more than a year perfecting the plan is L. N. Mays, national business manager of Chevrolet. His staff includes R. H. Norman, M. E. Kane, and V. R. Cramer, assistant managers.

### FORD SPEEDS L. C. L. LOADS

The Ford Motor Co. has found a way to avoid the uncertainties of less-than-carload rail and truck shipments of its parts to assembly plants.

To speed the smaller shipments from scores of suppliers throughout the country, Ford has opened five "consolidation points." It will soon add at least two more. Parts orders are hauled to these points from nearby plants by truck. Then they are put in with other shipments to make a full freight carload that will go directly to the assembly plant.

So far, the method has cut the company's claims for damaged freight, done away with second handling, and saved \$1-million. Even more important, shipments now arrive on the schedules laid down by the assembly plant. Harried plant managers don't especially like rush shipments of parts, by airplane, to keep assembly lines moving.

### TRY IT, BUY IT

The buyers' market in new cars has arrived at last—at least for Kaiser-Frazer dealers in the Pittsburgh area. Last week K-F dealers in that city launched an oldtime sales promotion plan. Under it, a wouldbe buyer can take a car on a tryout basis. At the end of six months he can either keep the car (by switching to an outright purchase basis) or give it back to the dealer. All the buyer has to do is plunk down a \$200 down payment, pay \$100 a month "rental." If he later decides to keep the car, the "rent" is put on the purchase price. The plan is also available to fleet-owners.

Kaiser-Frazer sales officials in Pittsburgh said that dealers' allotments of cars under the plan were too small to meet the demand. They said a backlog of orders was already piling up.



## BRAINSTORM FROM A WINDSTORM

*Nature and B&W collaborate...*



**N**ATURE held the original patent on the whirling force of the cyclone. But it was B&W who first put the idea to work separating water and solids from steam to improve the performance of boilers.

To their adaptation of Nature's destructive force to useful work, B&W gave the name *Cyclone Steam Separator*. Its use in industrial boilers makes larger and more rapid swings in power loads safely possible, protects boiler tubes from overheating and burnout, raises boiler and turbine efficiency

and cuts maintenance bills. Not unexpectedly, the popularity of the Cyclone Steam Separator has swept the country's power plants like the whirlwind for which it is named.

But the Cyclone Steam Separator is just one example of imaginative engineering at B&W. Throughout the many industries B&W serves are many more. All offer convincing testimony that, while old enough to have pioneered important advances in many divergent fields, B&W is yet young enough to have new ideas . . . ideas for the engineers of *all* industries, in connection with present problems or future plans.



Water-Tube Boilers, for Stationary Power Plants, for Marine Service . . . Water-Cooled Furnaces . . . Superheaters . . . Economizers . . . Air Heaters . . . Pulverized-Coal Equipment . . . Chain-Grate Stokers . . . Oil, Gas and Multifuel Burners . . . Refractories . . . Process Equipment . . . Seamless and Welded Tubes and Pipe for All Pressure and Mechanical Applications.

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**A NEW PROFITABLE BUSINESS!**

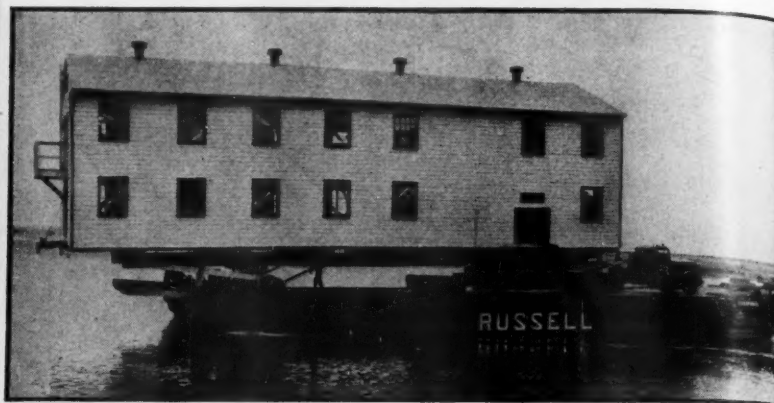
Popularity of frozen foods has increased the demand for public frozen food locker plants—thousands more are needed. They are profitable to own, manage, and operate. Salem can design and build the best type for you. Write for catalog today.

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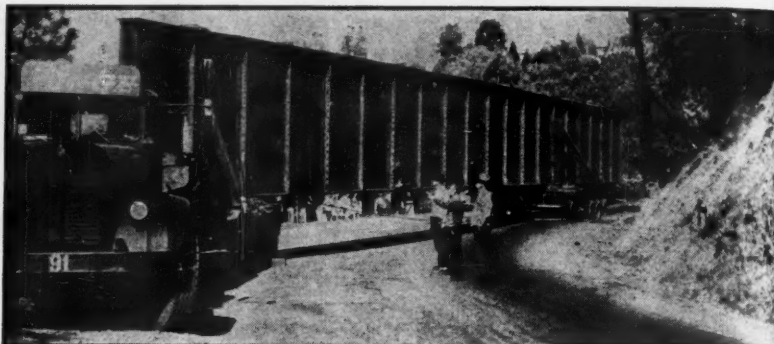
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**Three Big Jobs for Three Big Trucks**



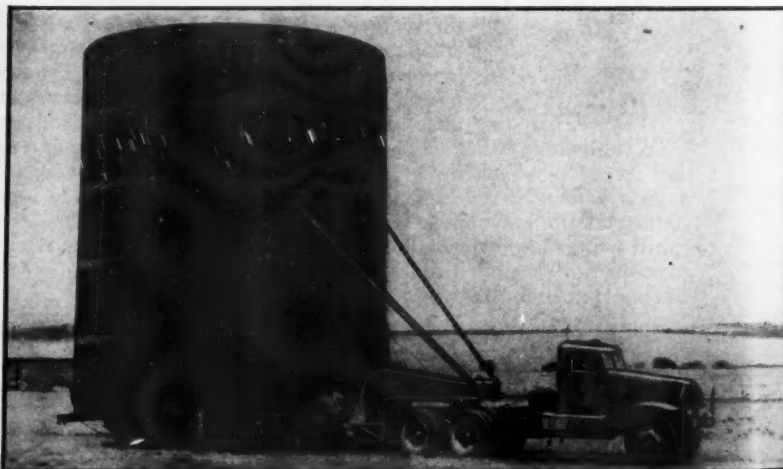
**MOVING A BARRACKS** to build a town is all in the day's work—if your truck is big enough. The town is the atomic city of Richland, Wash. Some 16,000 employees

of the expanded Richland and Hanford works will live there. The 24-mile trip from Hanford involved mounting barracks on trucks, trucks on barges, to cross a waterway.



**BUILDING A BRIDGE** over the American River near Auburn, Calif., was a tough transportation job. A truck maneuvered this

steel girder, 127 ft. long and weighing 60 tons, to the site. To clear sharp turns, a crane swung the girder into space.



**HAULING A TANK** 20 miles was the task of this big trailer-truck. The tank was 34-ft. high, 28 ft. wide, weighed 25 tons. It traveled on a Fruehauf trailer hauled by a

White truck. To move it from Belle Fourche, S. D., to Wyoming, the Kissick Transportation Co. had to build a two-mile road over the Belle Fourche River.





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**NOW-**

**Coca-Cola\* in CUPS**

**Readily available to all your employees**

Here's a new Westinghouse, completely automatic, Coca-Cola Cup Vendor that you *can't* buy. You can't even rent it! But it is available **FREE** on a split profit basis through your local Coca-Cola Bottler. All you need do is supply small locations where employees can pause for a refreshing drink. Your local Coca-Cola Bottler does all the rest in daily service that keeps the Cup Vendor constantly operating.

This amazing Westinghouse Vendor automatically serves a cup of cold, refreshing Coca-Cola for only a nickel.\*\* Or, if change

isn't available, it accepts either a dime or a quarter, dispenses the drink and makes change automatically.

Two models available—VA-10 and V-4 which serve 1000 cups and 400 cups respectively without replenishment. Both are approved by the Underwriters' Laboratories, Inc.

Coke\* in Cups helps build employee morale . . . And the Vendor profits can be used for any employee benefit fund.

\*"Coca-Cola" and its abbreviation "Coke" are the registered trade-marks which distinguish the product of The Coca-Cola Company.

\*\*Higher in some areas depending on local state taxes.

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**WESTINGHOUSE ELECTRIC CORPORATION**

COCA-COLA COOLER DEPARTMENT

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*Plants in 25 Cities... Offices Everywhere*



Do  
your  
machines  
suffer from



## LUBRITIS\*

**\*LUBRITIS: A coined word  
which means lack of proper  
lubrication.**

Does the choice of lubricants affect production?

Yes, sir! You can't produce more unless your machines operate at top efficiency for longer periods. Downtime is lost production time. Machines can't keep going unless they are lubricated properly, using modern scientifically treated oils.

Oiling time is expensive, too; you'll get better results from an oil which stays put, stays stable and has higher film strength. If that oil need not be renewed so frequently, your oiling labor can be released for more productive work.

Houghton's story is told in four short words: "Less oil...less often." That's what you get when you follow Houghton's Engineered Lubrication Plan, including careful plant study, sound recommendations and scientifically treated oils and greases. Let the Houghton Man tell you how this Plan can mean greater productivity in *your* plant. He's as near as your 'phone.

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Cutting Oils . . . Rust Preventives  
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## SCIENCE

### Isotopes on Assembly Line

Industry has been using radioactive substances only in research so far. But now they are more plentiful and will soon become a tool of production. Process-control to be a frequent use

It has been a year since the Atomic Energy Commission made radioactive isotopes available to industry. They have yet to become a regular production tool. But this week it looks as if, within a year or so, many industries will adopt radioisotopes for use in analyzing materials and for routine process control.

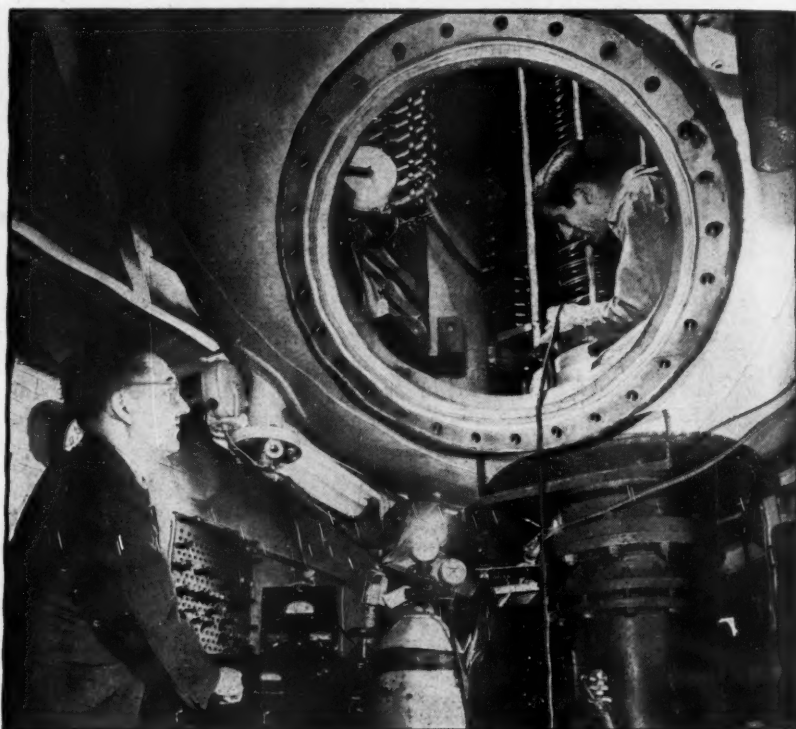
A Business Week survey shows that companies obtaining shipments of radioisotopes from AEC are using them, so far, for research, rather than production. • **No Scarcity**—Scarcity of radioisotopes, which barred their use for routine industrial work during early months of distribution, is no longer an obstacle. During recent months AEC has been able to meet all reasonable demands for

most elements, rather than limiting them to high-priority research.

Much work has already been done in the development of techniques for process-control applications. Over the next few months radioisotopes should begin to become a tool of the engineer as well as of the researcher.

• **How They Work**—Radioisotopes are elements—carbon, iron, sulphur, phosphorus, cobalt, etc.—which have been made radioactive by exposure to the atomic pile at Oak Ridge. Chemically, they're identical with ordinary elements. But they emit a radiation which can be detected by Geiger counters or similar instruments.

This means that very small quanti-



### Getting Set to Unlock the Inner Atomic Door

Westinghouse's 47-ft. atom smasher at East Pittsburgh, Pa., gets a checking over as scientists ready for a further foray into nuclear research. The problem: What mysterious forces keep the core of matter from exploding? Dr. William E. Shoupp (left),

Westinghouse, manager of electronics and nuclear research, believes the answer may prove more significant than the atomic bomb. With conclusive results, scientists may be able to unlock the atom's nucleus instead of smashing it apart.

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**NO KICK  
NO TWIST  
EVEN ON THE  
TOUGHEST JOBS**



## **AMAZING all-purpose ELECTRIC TOOL will**

- Drill up to  $\frac{1}{4}$ " dia.
- Ream up to  $\frac{1}{2}$ " dia.
- Tap up to  $\frac{1}{2}$ " dia.
- Run Nuts up to  $\frac{3}{8}$ " dia.
- Drive Screws up to  $\frac{3}{8}$ " dia.
- Hole Saw up to  $1\frac{1}{2}$ " dia.
- Bore Wood up to  $2\frac{9}{32}$ " dia.
- Drive Studs up to  $\frac{3}{8}$ " dia.
- Drill Masonry up to  $\frac{3}{8}$ " dia.
- Extract Broken Studs up to  $\frac{3}{8}$ " dia.
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(Uses Standard Attachments)

**AMAZING!** No Kick—No Twist—Even if you stall the spindle completely, the motor continues to run.

**AMAZING!** It's Reversible—full power in either direction—runs on 110V ac-dc.

**AMAZING!** It saves up to 90% of the time on nut-running operations alone.

**AMAZING!** With Standard Attachments you need only ONE INGERSOLL-RAND IMPACT TOOL to do all operations.

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## Ampco Metal announces a line of corrosion-resistant centrifugal pumps...

**Fills a real need** — this new line of pumps is ideal for all industries faced with the problem of transferring corrosive and erosive thin liquids. Ampco Metal, Inc. manufactures these corrosion-resistant pumps, heretofore considered as special, on a production basis — giving you production-built prices and deliveries.

**Ampco Metal makes the difference.** The pumps are of the heavy-duty industrial type. They are soundly designed for mechanical durability, high efficiency, and ease of servicing. The paramount feature, however, is the material used in their construction; namely, *all aluminum bronze* as produced in Ampco Metal's laboratory-controlled foundry. These time-proven aluminum bronzes make possible the pumping of such liquids as sulphuric acid, acetic acid, mine

water, brines, oils, solvents, beer, food process liquors, etc. Not only are the pump parts in immediate contact with the liquid made of aluminum bronze, but supporting members subject to seepage and spray, such as pedestal, shaft, and sleeve, also are made of this corrosion-resistant material.

**Guaranteed efficiencies.** These single stage, single suction, corrosion-resistant pumps use totally enclosed impellers. All liquid passages are streamlined for maximum efficiency, quiet operation, and minimum wear. Smooth sloping characteristics have sharp break-off to limit maximum horsepower requirements. All sizes of pumps are available either as pedestal-type for coupling connection to any type of drive, or close-coupled to a face-type motor.

*Write for latest bulletin.*



P-23

## Ampco Metal, Inc.

Department BW-12 • Milwaukee 4, Wisconsin

ties of the element can be measured. It also means that materials can be tagged, distinguished from nonradioactive materials. For instance, suppose there's radio-phosphorus in one of two batches of fertilizer added to soil. You can tell which batch a plant grown there got its phosphorus from, because if it came from the radioactive batch, the plant itself will give off radiations that can be detected.

• **Alloy Steel Use**—One of the first industrial applications expected is in production of alloy steels. One steel company has about completed preliminary trials of this technique in making titanium steel. The alloying material contains a trace of radio-titanium. Measurement of the radioactivity of the melt is expected to check the titanium content more easily and accurately than would a chemical analysis.

Radio-sulphur is to be added to steel melts in a similar project. Radiation measurements on the furnace slag will show how much of the sulphur impurities have been removed.

To date, however, use of radioisotopes by industrial firms has been at a more abstract level, aimed at investigating the nature of the processes they now use, but which they don't quite understand.

• **Abstract Research**—For example, Gulf Research & Development Corp. is trying to find out the exact function of the catalysts in the Fischer-Tropsch process for making oil from natural gas or coal. In this process carbon monoxide and hydrogen, brought together in the presence of an iron catalyst, combine to form oil. The iron isn't affected, but it has to be there, and no one knows why.

Common theory is that the carbon monoxide forms in iron carbonate which then reacts with the hydrogen. To test this, Gulf researchers used radio-carbon to form a carbonate on the surface of the catalyst. If the theory is correct, the oil coming out ought to be radioactive. Initial results seem to show that it isn't, and that the theory is wrong.

Similarly, Westinghouse is using radioactive tracers in fundamental studies of metallurgy. They want to find out why some steels are brittle, how metals age, what actually goes on in corrosion.

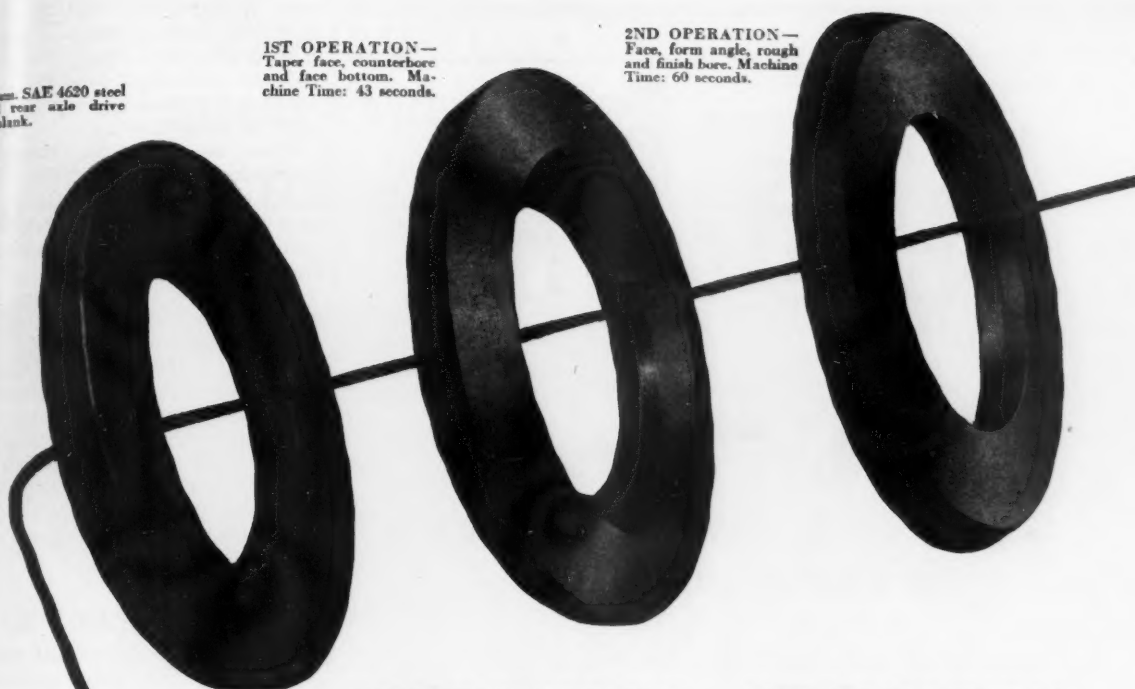
• **Drug Synthesis**—Drug houses such as Parke, Davis are synthesizing drugs, using radioactive forms of the elements. This will enable researchers to follow the course of these drugs through the animal or human body. This should throw light on many drug actions which are known to occur but which are not understood—how pyribenzamine relieves hay fever, for instance.

In agriculture, the work being done is more immediate. One is a study of the utilization of fertilizers by plants by the Hawaiian Sugar Planters Assn. H.S.P.A. is also producing radioactive

1" Diam. SAE 4620 steel  
forged rear axle drive  
gear blank.

1ST OPERATION—  
Taper face, counterbore  
and face bottom. Machine  
Time: 43 seconds.

2ND OPERATION—  
Face, form angle, rough  
and finish bore. Machine  
Time: 60 seconds.



## CHUCK-MATIC PRODUCTION

Two Operations—1 Min. 43 Sec.—Complete

For accurate, high-speed production of chucking jobs take a tip from this typical case study—one of many we can show you on the new Acme-Gridley 12" Chuck-Matic. It's built *rugged*—and *powerful*—to deliver speeds and feeds as fast as carbide-tipped tools can take it.

It's built for *high production*—with a minimum of idle movement and plenty of accessibility for quick setups, easy loading, easy adjustment.

It's built *compact*—for space saving. And because it's *easy to operate*, one operator (he needn't be highly skilled, either) can run as many as four machines.

That's why we think you'll be interested in the complete details on the Chuck-Matic. Ask for bulletin SC-46.

Acme-Gridley 12" Single Spindle Chuck-Matic  
tooled for first operation on rear axle drive gear.



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Acme-Gridley Bar and Chucking Automatics:  
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HOSPITALIZATION • ACCIDENT**



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FOUNDED 1850 • HARTFORD, CONNECTICUT

sugar by supplying radioactive carbon dioxide to growing plants. The process of sugar formation can thus be studied and the radio-sugar produced can be used in experiments on utilization of sugar by animals.

These are only a few samples of a tremendous range of applications now under way. These even extend to tagging bugs by feeding them radioactive material so that they can be told apart from their brothers.

• **Black Market Control?**—Even bureaucratic applications are being suggested by Washington wags. If steel allocation is revived, it's proposed that the black market could be defeated by tagging steel shipped under priority with radio-iron. No matter what was subsequently done to the steel, it could always be identified by its radiation. Radio-iron stays strong in radioactivity for four years—just long enough to last out the Marshall Plan.

## RADAR-VULNERABLE BULBS

Army tests completed last week confirmed what has been suspected for some time: Wire and foil-filled photo flash bulbs can be ignited by contact with radar beams (BW—Nov. 22 '47, p36).

The Army announced its results after 18 months of tests at Wright Field, Dayton. Demonstrations there showed that bulbs were set off up to distances of 80 yards. Of more than 3,000 bulbs tested, 5% exploded on radar beam contact. Another 40% burst in five seconds after contact. Only 12% withstood for one minute. Eventually all of the bulbs burst and burned with hot flames.

Result has been that major manufacturers have "grounded" wire- and foil-filled bulbs to avoid possibility of aircraft fires. Major hazards appear to be ground radar installations near taxiways and runways, as well as units in planes.

Industry engineers point out that the radar beam wavelength is the only band in the critical range. It lies above ultrahigh frequency, but below the heat and light spectrum.

The Civil Aeronautics Board last week had taken no action to prevent transport of such bulbs by air.

## RESEARCH FOR BUSINESS

A list of 341 university and college research projects has been compiled by Dept. of Commerce's Office of Small Business. The list is designed for businessmen. Copies will be sent free upon request.

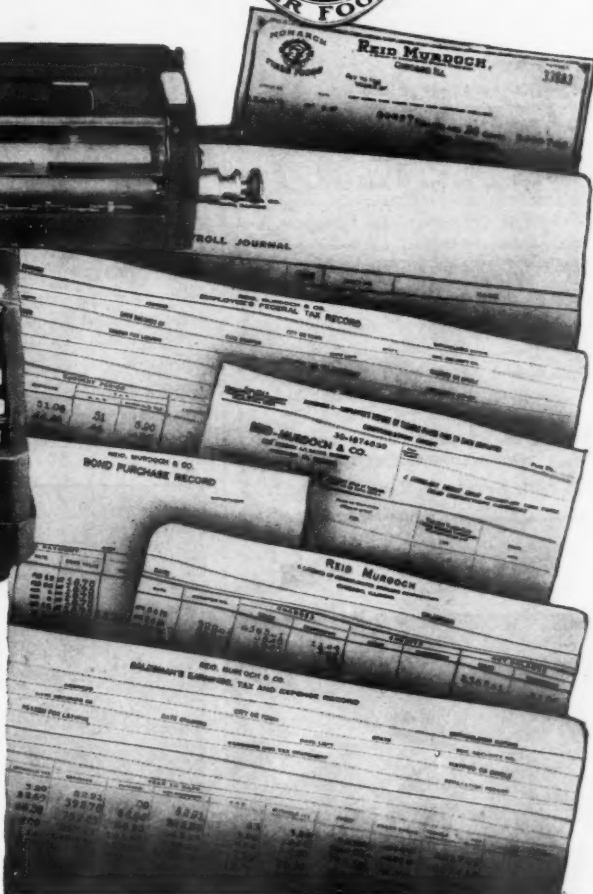
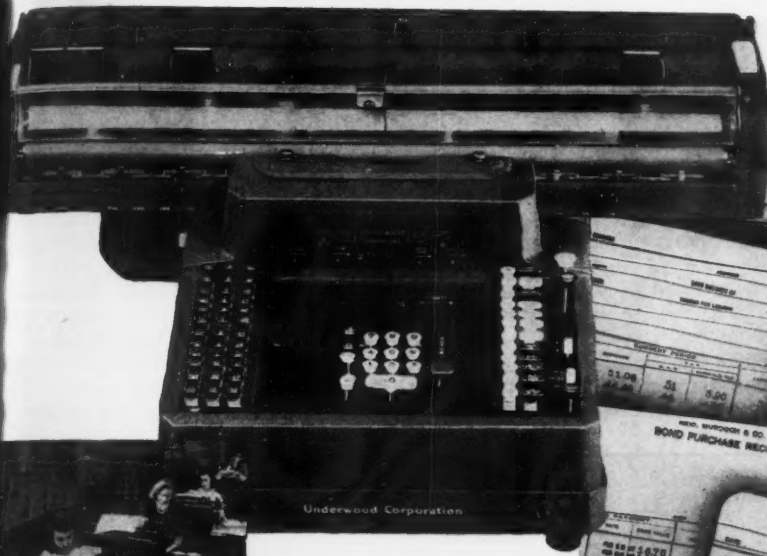
Projects listed in the 91-page booklet run the gamut of business interests. They include many studies in economics.



# How **SUNDSTRAND** speeds Payroll Accounting

*Versatility*

for **REID MURDOCH,**  
A DIVISION OF CONSOLIDATED GROCERS CORPORATION



**PAYROLL ACCOUNTING**  
had been a problem for  
Reid Murdoch of Chi-

cago. They were troubled with peak loads . . . they needed accuracy . . . greater speed . . . and simplicity. Today, they have the answer to their problems in the versatile Underwood Sundstrand Accounting Machine. This machine prepares five different Payroll Records plus General Ledger postings . . . saves time, saves labor and cuts down accounting costs.

With Sundstrand, you don't have to make supplementary computations to get totals for governmental reports. In addition to Total Gross Earnings and Quarterly Taxable Wages Paid, Sundstrand automatically computes and prints to-date totals of Withholding Taxes and Federal Insurance contributions. Sundstrand also automatically indicates gross earnings in excess of the \$3,000 taxable limit. Sundstrand does this as part of the payroll posting operation. Peak loads, formerly caused by extra computation work, are eliminated.

Remember Sundstrand for simplicity, too! Just 10 general keys arranged under the fingertips of one hand. Your present employees can develop a speedy "touch method" after only a few hours' practice.

There are many other reasons why accountants in every line of business recommend Sundstrand. Call your Underwood representative for further information.

These 5 separate applications are prepared by the same Underwood Sundstrand Accounting Machines

1. Payroll Journal and Payroll Check including Earnings and Deduction Statement.
2. Employee's Federal Tax Record.
3. Salesmen's Earnings, Tax and Expense Record.
4. Savings Bond Records.
5. Salesmen's Commissions and Sales Records.

## Underwood Corporation

Accounting Machines . . . Typewriters . . . Adding Machines  
. . . Carbon Paper . . . Ribbons and other Supplies

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Sales and Service Everywhere

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Dependable service around the clock is the watchword of every member of our nationwide organization, whose purpose is to provide the finest standard of Telephone Answering Service anywhere.

For superior service in any city . . .  
**LOOK FOR OUR INSIGNIA** in your local Telephone Directory, under Telephone Secretarial Service; or write our national headquarters.



**Associated Telephone Exchanges, Inc.**  
NATIONAL HEADQUARTERS  
595 Fifth Avenue New York, N. Y.

**ELJER**

SINCE 1904

**makers of fine plumbing fixtures**

FACTORIES AT  
FORD CITY, PA.  
SALEM, OHIO  
LOS ANGELES, CALIF.

# MARKETING

## FTC Hits From Two Sides

Commission rules Curtiss Candy Co. violated the Robinson-Patman act by buying at discriminatory prices from its suppliers as well as by selling at discriminatory prices to some customers.

Buyers as well as sellers can run afoul of the Robinson-Patman act: They face Federal Trade Commission prosecution if they wangle too-low prices. That's the general significance of a ponderous cease-and-desist order that FTC has just thrown at Curtiss Candy Co. after six years of litigation.

• **First to Be Tried**—The Curtiss case is the first from the buying angle to be fully tried by the commission. Seven similar cases since R-P was passed in 1936 resulted in orders based on stipulations.

The Curtiss order is the most inclusive interpretation of the R-P law that FTC has ever issued. It covers all types

and kinds of practices covered by the act, except those dealing with brokerage. It also bans exclusive-dealing contracts that the commission charges Curtiss made with ball park concessionaires. FTC ruled these violate Section 3 of the Clayton antitrust act.

• **Cease and Desist**—FTC told Curtiss to:

- (1) Stop inducing discriminatory prices for corn sirup;
- (2) Stop selling some customers at prices less than those charged other customers (except that this does not prohibit price differences of less than 1¢ per box of 24 nickel bars);
- (3) Stop selling to any retailers at



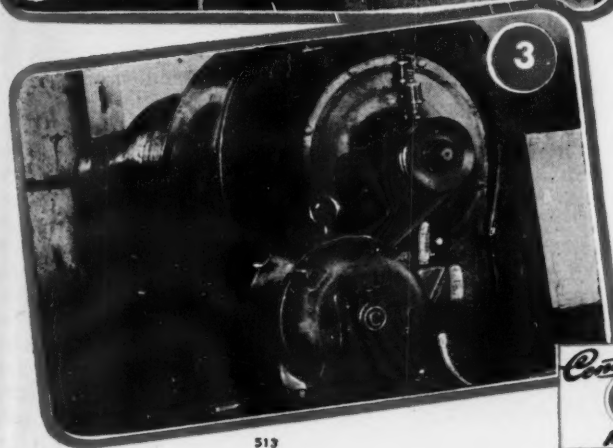
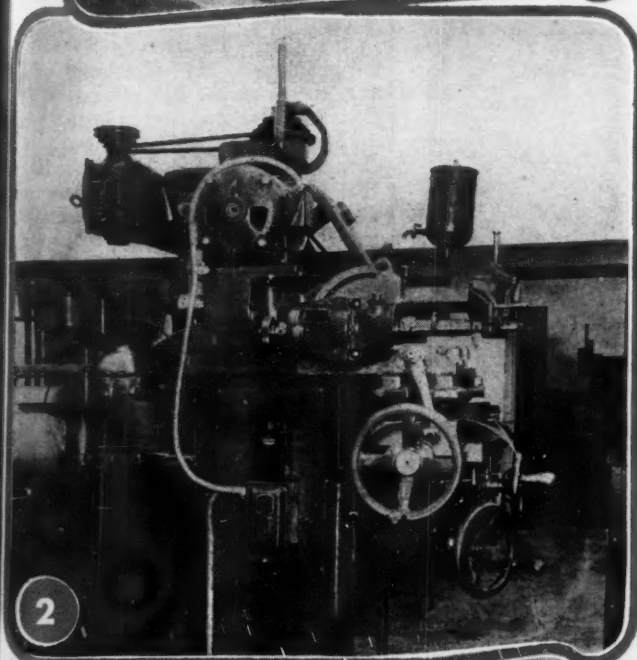
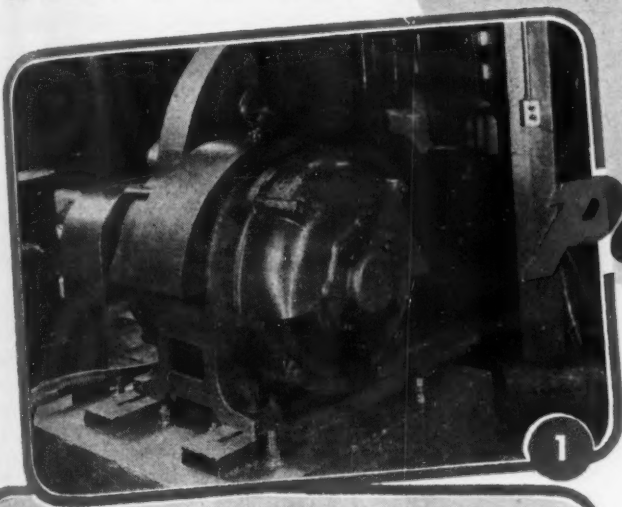
### PAST AND PRESENT

Frontier days are coming back in Las Vegas, Nev.—but with a distinctly modern touch. First of 12 sales-catching units to be finished in a reconstruction plan is a Texaco Service station. Outside (above), it looks like a firehouse of the 1850's, complete with fire bell and steam fire engine. Neon lighting is a concession to modernity. Inside, the modern note wins hands down. Rest rooms offer tiled showers, attractively decorated lounge (right). Other buildings that are being planned, all designed in the style of the frontier days, include an apothecary shop, blacksmith shop, saloon, general store, and a rooming house.



For All Popular Applications — In Any Atmosphere  
There's a CENTURY Motor That Provides

**TOP  
Performance**



Century builds a complete line of electric motors, fractional and integral horsepower, in all popular sizes to meet the requirements of industrial production, commercial needs and appliances.

The many types provide satisfactory performance for practically any electric power requirement. To meet any kind of surrounding hazard, Century motors are built with open, splash proof, totally enclosed fan cooled or explosion proof frames.

Typical examples of the variety of applications are shown in the three photographs.

Illustration number 1 shows a Century 75 horsepower general purpose drip proof motor driving a coal pulverizer in a large industrial plant. The drip proof construction protects against falling objects or dripping liquids.

Number 2 shows a 1 horsepower Century open rated general purpose motor driving a milling machine in a tool room where extreme accuracy must be maintained. Protection isn't needed here because the motor is mounted on top of the machine—and in clean surroundings.

Number 3 shows a 1½ horsepower Century totally enclosed motor driving a blower on a gas heated oven for paint drying.

Whatever your requirements may be, there is a Century motor to accurately meet the needs of your job—and provide top performance.

Specify Century for all your electric power requirements.



**CENTURY ELECTRIC CO.**

1806 Pine St., St. Louis 3, Mo.

Offices and Stock Points in Principal Cities



# CONCRETE

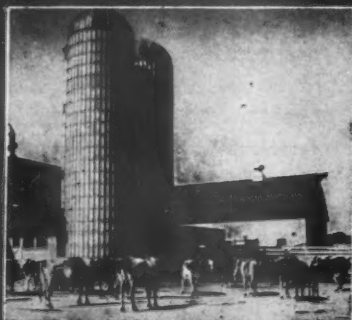
helps you live better



In homes of all sizes and styles it provides a lifetime of firesafety and comfortable, low-upkeep housing



In schools, hospitals, public buildings—it provides great structural strength and beauty at low annual cost



In farm buildings and improvements it saves feed, labor; raises production, profits; defies fire, storm, decay



In pavements it carries the heaviest traffic, yet it is safer, longer lasting, costs less to maintain than other types



In dams it controls flood waters, supplies power for industry, increases production of food by irrigation



In pipelines of all kinds it safeguards health by providing drainage, carrying pure water and removing wastes

## PORTLAND CEMENT ASSOCIATION

33 W. Grand Avenue, Chicago 10, Illinois

A national organization to improve and expand the use of portland cement and concrete through scientific research and engineering field work

prices lower than those charged whole salers or jobbers whose customers compete with the retailer;

(4) Stop paying for, or furnishing advertising and promotion services except on proportionally equal terms which are offered to all competing purchasers;

(5) Stop making contracts which shut out competing brands.

• **Chain**—FTC lawyers say the order hits at the middle of a chain of alleged discriminations. The chain, they charge, began with preferential prices for the principal ingredient (corn sirup); it ended with retailing of a 5¢ bar at three for 10¢ by chain and syndicate stores—sometimes less than small retailers had to pay jobbers. FTC has attacked all along the chain.

At one end of the chain were the corn sirup suppliers. FTC found that two of these—Corn Products Refining Co. and A. E. Staley Mfg. Co.—had sold corn sirup at discriminatory prices. The United States Supreme Court upheld the commission in April, 1945 (BW—May 5'45, p22). Now the buyer (Curtiss) has been hit for participation in these same deals.

According to R-P, if a buyer knows that the prices he is receiving or that he is inducing are lower than to a competitor, it is unlawful for him to accept them. The commission has now found that Curtiss "knowingly induced and knowingly received" discriminatory prices from five corn sirup companies—Corn Products, Staley, Clinton Co., American Maize Products Co., and Penick & Ford.

• **Retailer**—At the other end of the chain, FTC has a case pending against Automatic Canteen Co. of America—Curtiss' largest customer. The commission has found that Curtiss sold 5¢ bars to Automatic as low as \$1.98 per 100—25.8% below the general trade price at that time.

In the pending case, Automatic is charged—as a buyer—with inducing Curtiss and more than 80 other suppliers of candy, gum, and peanuts to cut prices injuriously on its purchases of these products.

Over a 10-year period, FTC says, Automatic won concessions from suppliers totaling \$13-million on its candy purchases alone.

• **A Fine Line**—In the Curtiss order, FTC drew a line to show where it contends price discrimination in the sale of 5¢ candy bars begins to cause injury to competition. It made "findings of fact" that a difference of 1¢ per box of 24 bars was generally regarded by the trade as enough to divert business.

In other words: A candy manufacturer may cut the price up to 1¢ per box because that would not be enough to lessen, injure, or destroy competition; but if he cuts more than 1¢ he must

make the price available to all competing buyers.

FTC ruled that Curtiss' prices, including an extensive assortment of promotional deals, did discriminate against most of its wholesale and retail customers in favor of a few.

**Deals**—Types of deals and allowances which the Federal Trade Commission held discriminatory in the Curtiss order included: a special size package for one customer at a special price; special discounts; combination offers; consumer deals (to permit selling two bars for one); free goods offers; a booking plan involving cash bonuses and rebates; and numerous advertising and display allowances.

Curtiss attorneys held that price differentials were on a basis of differences in cost of manufacture, sale, or delivery—a defense that is permitted under the provisions of the R-P act. But FTC found that the company's accounting methods and data were inadequate for the purpose of proving such a claim as this.

**What It Means**—Significance of the FTC order, all told, is twofold:

(1) FTC has given notice that R-P, a depression-born piece of legislation, is still very much alive in FTC's mind even in boom times.

(2) FTC will prosecute buyers just as hard as sellers.



## A STUDY IN BASICS

How far does a girl have to go? At a recent New York fashion luncheon this comely lass, clad in a new brassiere and corset, provoked not a single male glance. But looks from the ladies were typical. Their clamorings for new-look foundations have sent feminine upholstery sales soaring—the biggest boom in "foundations" since the twenties. The new bra, made by Kabo Corset Co., was called a small marvel of construction. Its uplift works without elastic, boning, or wires.

## TWITCHELL MATERIALS...

*"in the bag"*



Handbag by Beacon Leather Goods Co.

WE'VE found the answer to that perennial poser, "What's in a lady's handbag?"

Makers of handbags and luggage seized on Twitchell crushed shapes, welt-ing cords, wire-centered cords, and various other materials some years ago, and have used them steadily ever since.

The reasons? Twitchell materials are easily shaped. They don't have to be steamed or specially treated before being used. They're free from splinters; hence workmen can handle them easily and quickly, and without snagging silk linings. They can be sewn easily. They are highly uniform. They take colors, sizes, or other treating quickly and smoothly.

To speed up your manufacturing and your selling, sit down with one of our engineers and get all the facts about Twitchell's yarns, cords, fabrics, and special shapes. We make them to your specifications, and they can be soft and pliable or fairly rigid. They can be fire-proofed and water-proofed. They can be plain or very colorful. Let us show you samples. E. W. TWITCHELL, INC., Third and Somerset Sts., Philadelphia 33, Pa.



Twitchell Parcot Plio Cords

# TWITCHELL

*Paper Products for Industry*

TWISTED  
FOLDED  
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SHAPED  
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WOVEN

# NEWLY REVISED EDITION!

National's "Successful Case

Sealing" Booklet



*Your Copy is Ready*

**Address: 270 Madison Avenue, New York 16; 3641 So. Washtenaw Ave., Chicago 32; 735 Battery Street, San Francisco 11; and other principal cities. In Canada: Meredith, Simmons & Co., Ltd., Toronto. In England: National Adhesives, Ltd., Slough.**

EVERY TYPE OF ADHESIVE FOR EVERY INDUSTRIAL USE



**NEW HEAD of Yale & Towne:** Calvert Carey's big job will be to regionalize sales

## Leads Yale & Towne In Regional Program

To get its heavy equipment sales on a regional basis, Yale & Towne Mfg. Co. has long dreamed of a network of local offices. These offices would sell and service the company's line of hoists, warehouse trucks, and industrial scales.

Last week a major part of that dream came true: Yale & Towne opened a new "material-handling machinery building" in midtown New York. With this building the company feels it now has an office in the heart of the biggest material-handling market in the country.

• **One of Many**—The New York office is merely one of the 32 branches which Yale & Towne plans for the U. S. In the near future the company expects to have regional offices in Philadelphia, Boston, San Francisco, Los Angeles, Cincinnati, and Cleveland; some are open already. Similar offices are planned in several foreign cities.

In charge of carrying out the plans are two officers recently appointed: Calvert Carey, president, who succeeds his brother, the late W. Gibson Carey, Jr.; Fred Dunning, executive vice-president. Both have been company executives for several years.

• **Showroom and Shop**—The company's new Manhattan building will house showrooms for its complete line of chain and electrical hoists, hand-operated and motorized handlift trucks, powered industrial trucks, tractors, and industrial dial scales.

In addition there will be a spare-parts depot, service and repair shop, engineering consultation service, motion picture room, and material-handling library. The last two will be used to demonstrate the best material-handling methods. Export operations will also be included.

• **Expanding Market**—Company trucks, hoists, and scales are used in all types





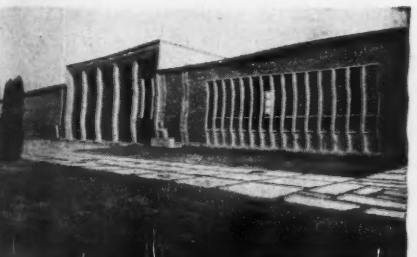
Minnesota Valley Canning Company, Le Sueur, Minnesota. Architect: The Austin Co., Chicago.



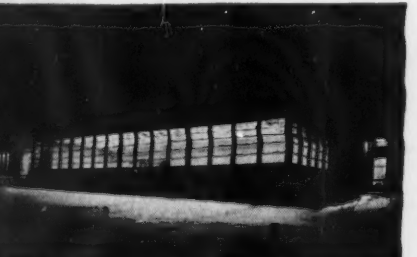
Thermopane in Visual Front of Kohl's Fine Foods, Milwaukee, Wisconsin. Architect: Walter F. Liebert, Milwaukee.



Detroit Steel Corporation. Architect: O'Dell, Hewlett & Luckenbach.



Library of Cranbrook School, Bloomfield Hills, Michigan. Architect: Eliel Saarinen, Detroit.



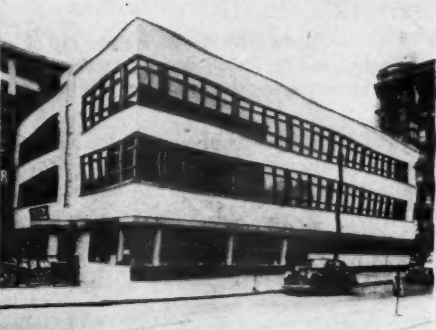
Offices of Architects A. Epstein & Sons, Inc., Chicago, have continuous fenestration.



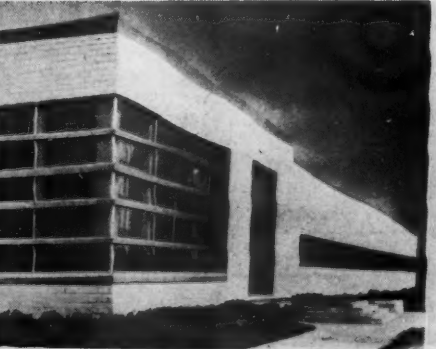
Coca-Cola Bottling Plant, Albuquerque, New Mexico.

## THEY CHOSE *Thermopane* REG. U.S. PAT. OFF.

These eight buildings are evidence that business men in every industry recognize Thermopane's superior insulating value. Thermopane reduces heat losses—cuts sound transmission. It lessens the load on air conditioning systems, minimizes condensation on glass, assures greater year-round comfort. Thermopane is available now in over 60 standard sizes. Libbey-Owens-Ford Glass Company, 93127 Nicholas Building, Toledo 3, Ohio.



Business Institute, Milwaukee, Wisconsin. Architect: Ebling & Plunket, Milwaukee.



Johnson & Johnson, Cranford, New Jersey. Architect: Ballinger Company, Philadelphia.

Now available to business executives

## Business Week's series of 8 reports on "The New American Market"

For the first time a complete set of Business Week's regional reports is being offered to management-men to aid them in assessing America's resources and planning the long-range course for business expansion. The result of months of painstaking research in every major domestic marketing area, this complete series presents the vital working drawings for major management decisions.

Here is what this informative series contains:

1. **THE FAR WEST** . . . a penetrating analysis of the largest of The New American Markets. Complete charts and tables on population trends, industrial capacity, size of labor force, and natural resources. (16 pages)
2. **GREAT LAKES** . . . a factual presentation of this rich area's economic makeup, industrial history and future trends. (12 pages)
3. **MIDDLE ATLANTIC** . . . a current report on the region holding America's greatest concentration of industrial production, domestic commerce and foreign trade. (12 pages)
4. **THE SOUTHWEST** . . . presenting a region packed with tremendous resources—both agricultural and industrial—that is well on its way to new income records. (12 pages)
5. **NEW ENGLAND** . . . an exploration into the nation's oldest industrial region, tracing its past history as well as analyzing its future growth. (12 pages)
6. **THE FARM WEST** . . . an area accounting for one out of every five farms in the nation, and 43% of all harvested acreage. A penetrating analysis of the future trends of this region's agricultural market. (14 pages)
7. **THE SOUTHEAST** . . . a report on the productive capacity, population trends and future resources of an area with the largest percentage gain in per capita income of any region since 1939. (14 pages)
8. **ROUNDUP** . . . a summary of the foregoing reports, bringing each into proper perspective. (12 pages)

All eight reports are being permanently bound to present an exclusive market file available for constant reference. A total of 104 pages of information never before documented between two covers.

Reserve your set of these eight regional reports on The New American Market today. Simply fill out the coupon below and attach your check for \$1.50. Allow approximately thirty days for delivery.

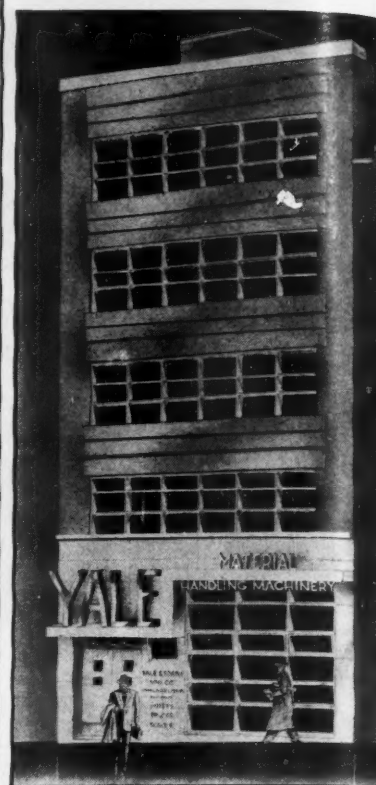
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New York, New York

Attention: Paul Montgomery, Publisher

Please send Business Week's complete, specially bound set of eight special reports on The New American Market. My check for \$1.50 is enclosed ☐. Bill me later ☐.

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NEW HOME for Philadelphia division points up Yale & Towne's decentralization

of warehouse operations, particularly by grocery and supermarket chains. It is believed there is a big market for this type equipment in the New York market. Also the New York Port Authority is planning a freight and cargo handling modernization and mechanization program in which nearly \$14-million will be spent on handling equipment.

While big department stores have not been heavy users of this type of handling equipment in their warehouse operations, Yale & Towne is now experimenting with lift trucks and other handling devices for use in this field.

### WOOLWORTH ADVERTISES

An unaccustomed name appeared on the roster of national advertisers this week. F. W. Woolworth Co., mammoth variety-store chain, broke out in a two-page spread in Life magazine. A one-page followup is scheduled to come later. The ads will plug cosmetics and toiletries for men and women.

Woolworth has never been a large national space-user. Its last fling in national advertising was in 1929. Between 1929 and 1946, when the company was content to get along without national-magazine help, gross sales grew from a fat \$303-million to an even fatter \$552-million.

At present, Woolworth has no plans

for more national advertising. The company gives no reasons for its reappearance in a national weekly; the current ads are just a test, company officials say. Some marketing men look upon the ads as the result of the higher price level at Woolworth's goods. The company dropped its strict five-and-dime policy in 1936. Since then it has been carrying more and more general merchandise with higher price tags. So the ads may be aimed at bringing in customers who will be interested in the more expensive lines.

## What Store Hours?

Survey made by University of Illinois provides some guideposts for retailers who are faced with this problem.

The question of store hours has always bothered retailers. It involves such questions as: What time should they open in the morning and close at night? Should they stay open one or more evenings a week, and if so, which? What would happen if they didn't open at all on one week day?

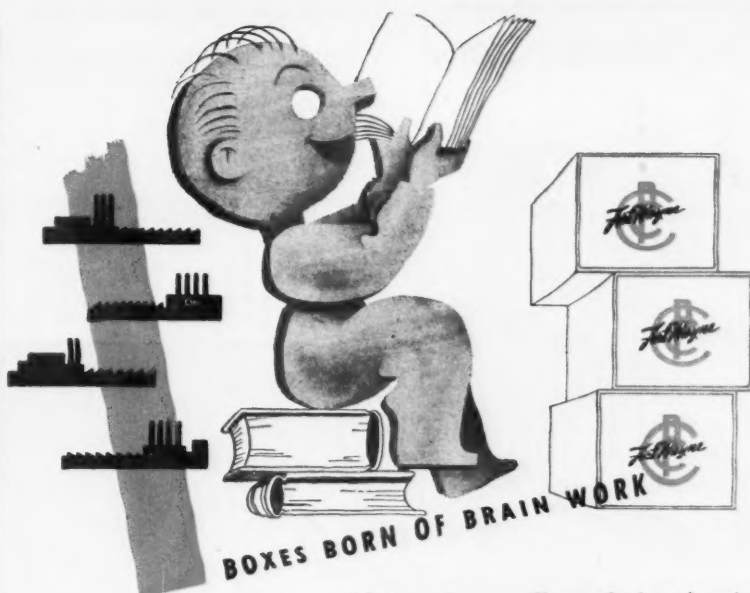
• **Survey**—Of course, no single set of answers can be found for the whole country. Consumer preferences will differ from one state to another; from one city to another; between urban and rural areas. But a survey completed recently in Illinois gives an indication, at least, of what consumers think about it.

The study was made by David J. Luck, assistant professor of marketing at the University of Illinois. It was published by the university's Bureau of Economic & Business Research. It is divided into two major sections: a survey of what hours Illinois stores keep; and a survey of when consumers shop and what store hours they prefer.

• **Wide Variation**—Store practice, it was found, varies widely. Total store hours per week range from 46 to 68; hours per day (not including evenings) from 7½ to 10. In some cities no stores open in the evenings; in others, stores stay open as many as three evenings a week. Many stores stay closed in the morning on days when they are open in the evening; some that have no evening hours stay closed one morning or afternoon a week anyhow.

Although stores in the same city tend to follow the same pattern for competitive reasons, this is by no means universal. In many cities, the report says, "a substantial number of stores observe different hours" from the majority.

• **Shopping Habits**—The survey of consumer habits and preferences covered two cities in the 50,000 population class and one predominantly rural county;



Modern plants, mills, methods and equipment contribute to the controlled quality built into every Fort Wayne product . . . but brain work goes in, too.

Fort Wayne technicians, designers, executives and employees apply specialized experience gained through this company's 40 years of specialized production. They bring to modern shipping problems a wealth of unique know-how...knowledge keyed specifically to the design and manufacture of corrugated fibre containers and corrugated paper products.

Progressive shippers look to Fort Wayne personnel for creative accomplishment...for brains in box making. And that's exactly what they get.

CORRUGATED FIBRE BOXES  
CORRUGATED PAPER PRODUCTS

## Fort Wayne CORRUGATED PAPER COMPANY

**General Offices:**  
Fort Wayne 1, Indiana

**Plants:**  
Rochester, New York  
Chicago, Illinois  
Pittsburgh, Pennsylvania  
Hartford City, Indiana

**Mills:**  
Hartford City, Indiana  
Vincennes, Indiana

**Sales Offices:**  
Chicago, Ill. • Pittsburgh, Penna. • New York, N. Y. • Rochester, N. Y.  
Buffalo, N. Y. • Jamestown, N. Y. • York, Penna. • Cleveland, Ohio • Lima, Ohio  
Dayton, Ohio • Cincinnati, Ohio • Muncie, Ind. • Indianapolis, Ind.

	FABRICATION RATING											
	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC
120												
110												
100												
90												
80												



## The Cost Reduction Show

# ★ 2<sup>ND</sup> ★ NATIONAL MATERIALS HANDLING EXPOSITION AND CONFERENCE ★

Cleveland Auditorium  
JANUARY 12-16, 1948

For conference program and hotel reservations, address CLAPP & POLIAK, INC.  
Empire State Bldg. New York City 1

## 1<sup>ST</sup> IN LINE AT THIRST TIME



OASIS leads in features that give you greater all-around thirst relief at low cost, for more years. Made by EBCO, world's largest manufacturer of electric drinking water coolers. Model OP-10 shown.

Warranted for 5 years.



The EBCO Manufacturing Co.  
Columbus 8, Ohio

the two groups were considered separately.

In the cities, Saturday was found to be the most popular shopping day; Monday the least popular. Consumers are generally satisfied with prevailing day-time hours—9 to 5 or 9:30 to 5:30.

Only about one-third of those questioned want stores to be open evenings; the rest either said no or didn't care. Among those who said yes, Saturday evening is by far the most popular.

Rural consumers show a considerably

greater tendency to shop in the evening and on Saturday. Some 40% want evening hours; a majority of these prefer Saturday night.

• **Five-Day Week**—The fact that Monday is the least popular shopping day seems to show that few shoppers would care much if stores stayed closed on that day. For instance, most big stores in Hartford, Conn., went on the five-day week almost two years ago. They have found practically no consumer dissatisfaction with the Monday closing.



SEARS' NEW STORE in Kansas City: Its windows are all for show

## Quantity Merchant Enters Quality Market

Sears, Roebuck & Co. stepped into exclusive surroundings recently when the company opened a retail store in the Country Club Plaza district of Kansas City, Mo. (BW—Nov. 1 '47, p. 6). The new Sears follows current merchandising trends, is windowless except for street-level displays. Murals, glass and plastic fixtures, and plenty of Sears' upper-end items (such as a tablecloth for

\$89.95) fill the interior. To oversee the opening, Gen. Robert E. Wood (below, right), Sears board chairman, brought in a plane load of company executives. They inspected the store's four floors, the hat shop (below left), and the "controlled music" system. This provides soothing sounds for rush hours, a faster tempo as closing time draws near.



MILADY seeks a hat while . . .



THE BOSS seeks information

BUSINESS WEEK • Dec. 6, 1947

## They're Alike

Whether They Air Their Infants in Gramercy Park . . . or on the Lawn in Graysville, Pa. . . . their babies get the same formulas and baby products and same enlightened care. These modern mothers *think* alike, they keep in touch with news and new ideas, they set the pattern of living in many other homes.

One unfailing guide to this kind of people is their readership of news magazines.

With more than a million circulation, **PATHFINDER** is bought by one-third of all the families who take news magazines today. They depend on **PATHFINDER** for sane, ungarbled, meaty, *human* news reports.

OVER 1,000,000 ALERT, NEWSMINDED  
FAMILIES READ **PATHFINDER** TODAY

*America's second largest news magazine*



AM JOURNAL INC., also publishers of FARM JOURNAL—**BIGGEST** in the country. GRAHAM PATTERSON, President

## FASTENER PROTECTION

*Built for  
Punishment*

## ON OFF-THE-HIGHWAY HAULS

### At these critical points:

Differential Housing  
Spindle Assembly  
Planetary Assembly  
Rear Axle-to-Frame  
Drive Shaft Flange to  
Differential Flange  
Center Bearing  
Bracket Mounting  
Radiator Mounting  
Spring Saddle Bolt



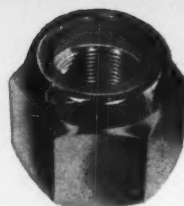
BOTTOM DUMP EUCLID

### —the Red Elastic Collar absorbs heavy-duty loading and carting SHOCK! IMPACT!

The jarring thuds of earth, ore, sand, gravel and other free flowing materials dropping into the hopper . . . the constant shock and vibration of a 20-ton load being moved over rough off-the-highway hauls are just two of the regular occupational hazards encountered in the daily life of a Bottom Dump Euclid.

The impact of loading heavy material by large shovels and drag lines calls for bolted connections that can prevent costly, time consuming operational failures. ESNA Elastic Stop Nuts were the logical choice. The self-locking, self-sealing Red Elastic Collar of these re-usable nuts retains its dependable grip . . . no amount of shock or vibration can shake these nuts loose.

ESNA Elastic Stop Nuts not only protect against Vibration and Thread Failure, but the Red Elastic Collar also protects the working threads of the bolt against Thread Corrosion and Liquid Seepage and permits easy removal for replacement and repair. If you have a fastener problem, bring it to ESNA. Our Engineers' experience and skill are at your disposal. Address: Elastic Stop Nut Corporation of America, Union, New Jersey. Sales Offices and Engineers are now conveniently located in many principal cities.



### LOOK FOR THE RED COLLAR THE SYMBOL OF SECURITY

It is threadless and dependably elastic. Every bolt — regardless of commercial tolerances — impresses (does not cut) its full thread contact in the Red Elastic Collar to fully grip the bolt threads. In addition, this threading action properly seats the metal threads — and eliminates all axial play between the bolt and nut.

All ESNA Elastic Stop Nuts — regardless of size or type — lock in position anywhere on a bolt or stud. Vibration, impact or stress reversal cannot disturb prestressed or positioned settings.



## ELASTIC STOP NUTS



NYLON  
CAP



ANCHOR



WING



SPLINE



CLINCH



GANG  
CHANNEL

PRODUCTS OF: ELASTIC STOP NUT CORPORATION OF AMERICA

## Syndicated Gimbel Ads Used by 180 Customers

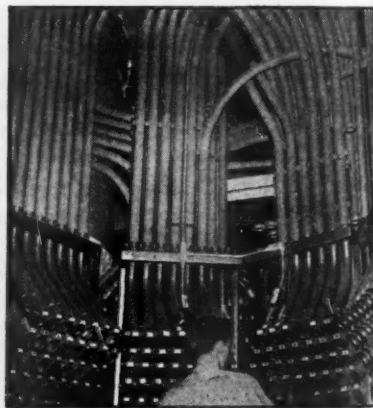
It would be prohibitive for the average department store to hire an advertising copywriter like Gimbel's highly paid Bernice Fitz-Gibbon. Yet in 1947 many consumers throughout the U.S. read ads that were dead ringers for Fitz-Gibbon copy.

The reason was simple: The New York store's ads had been syndicated and sold on a fee basis. Handling the syndication and distribution on a contract from Gimbel's is George J. Columbus Associates, New York.

• **180 Customers**—This week Columbus announced that the first year had netted roughly 180 customers. Of these 90% are department stores. The rest are newspapers, which use the syndicated material to sell advertising.

Columbus sells the complete service to one user in each town for a fee ranging from \$12.50 to \$35 per week. For its stipend Columbus supplies the retailer or newspaper with offset copies of 95% of the Gimbel ads which have appeared in eight New York papers during the past week. The other 5% of the ads concern sales in Gimbel's art gallery and other departments in which Columbus figures local stores will have little interest. The syndicate customer also gets engraver's proofs of all art work in the ads, plus mats of all illustration and important hand-drawn headlines.

• **Exceptions**—Customers are authorized to use any of the copy Columbus sends



### MAKES BIG CHANGE

Installation of a new battery of tubes—so big that it looks like a pipe-organ is helping Marshall Field tune up for the holiday season. The battery links the Chicago department store's pneumatic collection system for making change. For everyday sales, the system uses 146 tubes; in the Christmas rush it will use all 200. The installation, says Marshall Field, has cut average time necessary to complete a cash sale from three minutes to 90 seconds.



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HE SAID: "Whatever it is —  
we wouldn't want any ..."



FINE way for an interview to start!  
"You are the office manager," I  
asked him.

"Confidentially, the Brain," he said.

"Do you have a postage meter—"

"Know all about it. Gizmo that  
prints postage on envelopes, makes a  
postmark, and seals the envelope flap,  
does its own bookkeeping. Right?"

"Oh—then you do have a meter?"

"Nope. Read all the ads. Anything  
to pass the time. Say—care for a game  
of gin?"

"Sorry, no. Mr. Jones, you send out  
a lot of letters. A postage meter would  
save work—"

"Lissen," said Mr. Jones. "That old  
gent over there is our VP in charge of  
Various and Sundry. Wetting down  
envelope flaps and the postage  
stamps fills his day nicely."

"Couldn't he do something

important—"

"My job, for  
instance," said

Mr. Jones. "Think I  
haven't thought of that, too?"

"And the meter prints any amount  
of postage, does away with frequent  
trips to the postoffice to buy stamps."

"THERE you go again," broke in  
Mr. Jones, "overlooking the human  
element. The old guy *likes* to go to the  
postoffice and grab a beer. If he knocks  
down a few dimes on postage, so what?"

"Have you ever considered how a  
postage meter could speed up your  
mail? Metered mail is faster, doesn't  
have to be postmarked and cancelled in  
the postoffice, can make earlier trains."

"Tch tch! People who really want  
our stuff will wait to hear from us, so  
what's the rush?"

"But you do want more orders?"

"Dunno," said Mr. Jones. "Get  
more business, we get more of the boss's  
relatives on the payroll. Some of them  
might be smarter than me . . . See what  
I mean? Hard to figure!"

"Yes, Mr. Jones; thanks anyway."

"Okay. Breaks the monotony," said  
Mr. Jones.

THERE are some companies—not  
many, thank goodness!—we just can't  
interest in a postage meter . . . even  
though we make models for every size  
business, big or little. If you're interested,  
call the nearest Pitney-Bowes office. Or  
write for an illustrated booklet.

**PITNEY-BOWES** *Postage Meter*



PITNEY-BOWES, Inc., 1421 Pacific St., Stamford, Conn. Originators of Metered  
Mail. Largest makers of mailing machines. Branches in 63 cities in the United States and Canada.



©1954 Pitney-Bowes



## WIDE OPEN SPACES are OPEN for BUSINESS!

The wide open spaces of old Wyoming are wide open and rich in opportunities for American Industry. Rich in rare minerals and clays and tremendous supplies of hides and wool. . . . And, just as important to business executives who seek new locations for industry is the abundance of cheap, widely distributed hydro-electric power; enormous coal deposits, natural gas and fuel oil fields . . . transcontinental rail and airlines and thousands of miles of paved highways. In addition to these material advantages, Wyoming offers plenty of friendliness and cooperation to new industries. Investigate the opportunities Wyoming offers industry. Write today.

Wyoming Department of  
Commerce and Industry  
H. C. Anderson,  
Secretary-Manager  
Cheyenne, Wyoming

*Wyoming*

NEW FRONTIER  
OF INDUSTRY

WYOMING HAS NO STATE INCOME TAX ON CORPORATIONS OR PERSONS

IT'S GOOD BUSINESS TO USE

*Nekoosa*

PRE-TESTED BUSINESS PAPERS

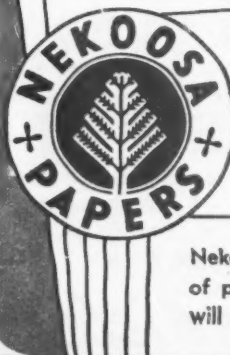
NEKOOSA BOND

NEKOOSA LEDGER

NEKOOSA Mimeo

NEKOOSA DUPLICATOR

JOHN EDWARDS BOND



Nekoosa Business Papers are pre-tested in every stage of production . . . to assure you quality papers that will meet and surpass your most rigid requirements.

NEKOOSA-EDWARDS PAPER COMPANY • PORT EDWARDS, WIS.

them with the exception of two things:  
(1) They cannot run an entire ad verbatim;  
(2) They cannot use the Gimbel name in any way.

The service is departmentalized into women's dresses, suits, and coats; accessories; children's and infants' wear; boys'



Harry A. Bullis

### GENERAL MILLS SHIFT

In a triple move last week, General Mills, Inc., realigned its first-string men. James F. Bell, founder, announced his retirement as chairman of the board. But he will continue as chairman of the new committee on finance and technological progress. Harry A. Bullis (above), president since 1942, takes Bell's place as board chairman. Leslie N. Perrin (below), executive vice-president, moves to the presidency.

Bullis started his milling career in 1919 with Washburn Crosby Co. In 1928 he joined General Mills.

Perrin has served with Nye Jenkins Grain Co. and Washburn Crosby Co. He became a General Mills director in 1934, executive vice-president in 1942.



Leslie N. Perrin

men's wear; house furnishings and  
housewares; headings; miscellaneous.  
subscribers need only buy those sec-  
tions that fill their needs.

**Imitators**—Some noncustomers have  
copied Gimbel's ads after reading New  
York newspapers. Columbus deals with  
these advertisers in two ways: If the  
imitator is in a town not served by the  
advertiser, Columbus tries to sell the  
service. If the town is already  
served, Columbus writes the nonuser a  
letter requesting that he stop copying  
Gimbel's ads. In particularly stubborn  
cases, someone pays a call on the adver-  
tiser. Thus far, says Columbus, no other  
action has been necessary.

S.

**National brands** of merchandise  
would gain in popularity during 1948,  
according to a study made by Fairchild  
Publications, Inc. The survey queried  
36 chain, department, and specialty  
stores in 365 cities. Results showed that  
77% of the retailers intended to in-  
crease the number of national brands  
carried; 54% would maintain their cur-  
rent number of brands. Only 9% of the  
merchants intended to decrease the  
number.

**Columbia Broadcasting System** is  
scheduled to televise 79 sports events  
from Madison Square Garden during  
the 1947-48 indoor season. Last week  
it announced that all 79 had been sold.  
The buyers: Ford Motor Co., General  
Foods Corp., Knox the Hatter, Inc.

**"Block-plugging"** is the name Na-  
tional Broadcasting Co. gives to its  
new program-promotion technique an-  
nounced last week. Instead of pushing  
an individual program, NBC is attempt-  
ing to lure listeners to its network for  
an entire evening. Wednesday night is  
the target for the company's first block-  
promotion kit which includes special  
ads, pictures, and transcriptions.

**Mark Cross**, famous New York  
leather goods store, made its first move  
in a broad national expansion last week.  
Gerald Murphy, company president, an-  
nounced that the firm had opened an  
agency in House & Garden, Inc., in  
Miami. House & Garden will carry the  
full Mark Cross line. Exception: fur-  
nished gloves.

**F. & R. Lazarus & Co.**, Columbus,  
has leased five stories in Lima, Ohio,  
for retail store expansion. The company  
had previously bought store sites in  
Marion and Newark, Ohio.

**"Free-publicity data books"**—which  
specify the editorial requirements of  
2,200 trade papers, 200 consumer pub-  
lications, and 130 farm papers—have  
been prepared by George Boyles, ad-  
vertising agency in Kalamazoo, Mich.  
The books feature information on those  
publications which give editorial space  
to new products.



**IF YOU ASK US...**

**COSTS MUST COME DOWN**

**FASTER** production is very definitely  
a function of New Departure ball  
bearings.

Operating with less friction, less  
wear, lower upkeep cost, the ball  
bearing is a "natural" for the higher  
speeds, greater rigidity and improved  
quality demanded by today's exact-  
ing production standards.

Thus, an investment in machines  
of modern ball bearing design is an  
investment in faster production—  
*lower costs:*



**nothing rolls like a ball**

**NEW DEPARTURE®**  
**BALL BEARINGS**

NEW DEPARTURE • Division of GENERAL MOTORS • BRISTOL, CONN. • Branches in DETROIT • CHICAGO • and Other Principal Cities



# POLITICAL ACTION—

## Labor's Blind Alley

**THE APPROACH** of the 1948 elections brings organized labor in America to a fork in the road.

Straight ahead lies the familiar route of free collective bargaining. Except for an occasional side trip, labor has been traveling it for years. On this road the role of government is to act as traffic cop, removing obstructions for all travelers.

The fork is the road of political action—the road to special privilege for labor. On it government is called upon to clear a special right of way for organized labor—to push aside all others.

*Which of these two roads will organized labor take?*

Most American labor leaders are now urging their followers toward political action. Their first objective is to “get” all members of Congress who voted for the Taft-Hartley Act. AFL plans to raise a \$5 million political combat fund through contributions and a per capita tax on its membership. CIO is soliciting \$1 donations for political action from its 6,000,000 members.

For their own sake, however, as well as for the welfare of the country as a whole, the rank and file of organized labor will do well to stop, look and listen before they turn their unions into political action squads. If they examine the facts for themselves, they will make two significant discoveries:

**I. Political action is a blind alley for labor.**

**II. The Taft-Hartley Act is an essential bulwark of free collective bargaining.**

A brief discussion of these two statements will show what they mean to organized labor.

### I

**Political action is a blind alley for labor.**

If there is any doubt about that statement, a good way to dispel the doubt is to look at European countries where organized labor has been following a political action line.

Britain, where the Labor Party is in power, is such a country. How is labor faring there? Measured by the good things money buys, the average hourly wage in Britain is less than two-thirds of what it is in the United States. Part of the difference may be accounted for by the fact that the British Isles are poorer in natural resources than the United States. Another reason is the war damage to Britain's plants.

But there are two other big reasons why the British wage earner is far behind the American worker in enjoying the good things of life:

1. The *incentive to produce* has been dulled by vote catching programs which promise economic security and a levelling of incomes. Lulled by promises of cradle-to-the-grave security and discouraged by high taxes, the British have descended to a state neatly described by the *London Economist*:

*"Nobody gains anything from activity or suffers anything from inactivity."*

To run a program like Britain's requires more and more government functionaries. Civilian employees of the British government have increased by 50% since before the war, putting one worker out of ten on the government payroll. More and more people stop producing and spend their time instead cutting up what others produce. The result is smaller production, higher taxes and lower real wages.

The British Labor Party must accept most of the responsibility for this sorry state of affairs. It is due primarily to a program of political action by organized labor which promised the individual worker security and equality of income — *but which can not deliver either because the incentive to work is gone.*

The lesson for American wage earners is clear. Political action by unions to enforce the economic fallacy of more-and-more-for-less-and-less will end by impoverishing the working man — and bringing the nation to ruin.

Unions exist for collective bargaining, not for picketing.

## II

The Taft-Hartley Act is an essential bulwark of free collective bargaining.

Bargaining works satisfactorily only when both parties — management and labor — think they are getting a fairly even break.

Management was very sure that the Wagner Act, as administered from 1935 to 1947, was giving employers the short end of the stick. Furthermore, management's feeling of frustration was no whim. It was justified by case after case where rights were granted to organized labor with no counterbalancing recogni-

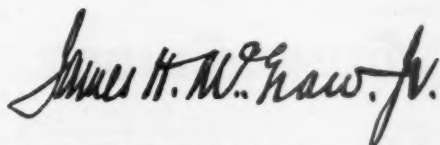
tion of the rights of management, of individual workers or of the public.

The Taft-Hartley Act goes a long way toward establishing equality in employer-union relations. It may fall short of doing a perfect job. *As a subsequent editorial in this series will show, it leaves virtually untouched the public menace of industry-wide bargaining and labor monopoly. And it leaves unprotected what should be the individual's right to hold a job without joining any particular organization.* But it does provide some major safeguards for collective bargaining by striking at abuses.

Organized labor, therefore, has no cause to damn the members of Congress who voted for the Taft-Hartley Act. True, the law will check what has been an uninterrupted march of the labor union bosses toward absolute power. It will do so just as laws in the past — The Sherman Anti-Trust Act, for example — have checked management when it was too greedy. And, as the first section of this editorial points out, the time has come to check the march of the big labor bosses.

Fundamentally, the Taft-Hartley Act gives free collective bargaining a new lease on life. The old lease was running out because the Wagner Act stacked the cards against employers, against individual workers, and against the public.

The road to free collective bargaining is now clear of many of the most menacing obstructions. It is the only road for labor to take in its own self interest. Union workers who let their leaders lure them down the blind alley of political action will do so at their own peril — and at the peril of this great industrial nation.



President, McGraw-Hill Publishing Company, Inc.

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• There is no guesswork, no experimentation with SoundScriber—the only time-tested electronic disc dictation machine. 250 out of every 1,000 new SoundScribers are being bought by present users who want more of them.

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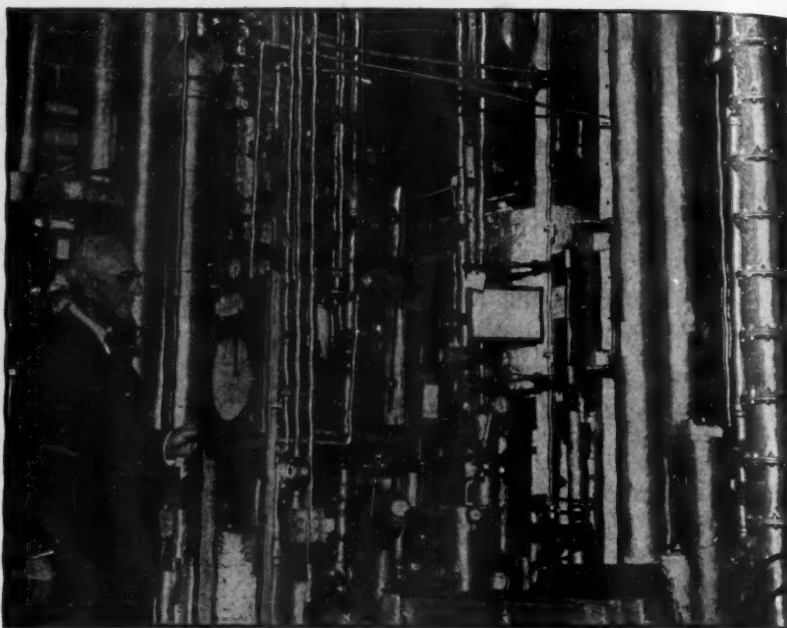
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## PRODUCTION



MAKING ACETYLENE: The pilot plant of Dr. Schoch (above) uses electricity

### Lab Process Goes Commercial

Acetylene gas will be made by electric "glow" process, which scientists have been working on for 18 years. Method points way to new chemical manufacturing techniques.

Chemical production men will keep their eyes on a new plant in Houston next spring. The plant, run by Houston Oxygen Co., will be the first to produce acetylene gas commercially from natural gas by an electrical discharge process. The process—called "glow" discharge—isn't a new one for scientists. It has been under study for 18 years at the University of Texas by Dr. Eugene Paul Schoch and his associates.

Acetylene is well-known as an important industrial gas. Besides its use in welding, it can be used to produce industrial alcohols, sugars, as well as other chemical materials. Acetylene is conventionally made by (1) direct action of water on calcium carbide; or (2) the incomplete combustion of hydrocarbons. It can also be made by combining carbon and hydrogen in the electric arc.

• **Adaptation**—The new plant will depart from these usual commercial methods: It will adapt the laboratory idea to commercial practice. Natural gas will be exposed to the arc and this will knock out acetylene.

The plant consists of three parts: an electrical control section, a reaction section, and a concentrating section. The electrical equipment is conventional and

similar to that used in power plants. The reaction chamber is the heart of the process.

• **Products**—Natural gas is piped into the reaction chamber at 300 F. An electrical discharge passes through the gas at atmospheric pressure. The charge comes from two rotating electrodes.

The gaseous products of the reaction are (by volume) 10% acetylene, 40% hydrogen, 50% methane. Carbon black—a useful industrial byproduct—is also obtained. Filters remove the carbon black. The gases are compressed, passed through an oil wash to remove small amounts of certain hydrocarbons. The gases are then carried to a solvent extraction unit. The acetylene dissolves in the solvent; the methane and hydrogen are recovered for industrial use as fuel. (The heating value of this gas mixture is enough to take care of electric power requirements of the plant.) The acetylene product is 99% pure and is suitable for chemical processing or for welding use.

• **Carbon Black**—Typical yield of carbon black is 1½ lb. per thousand cu. ft. of natural gas. It has a slight coating of organic matter, which can be removed. Tests are now under way to



MILLIONS OF TELEPHONE USERS



650,000 EMPLOYEES



730,000 STOCKHOLDERS



## THE RESPONSIBILITY OF MANAGEMENT IN THE BELL SYSTEM

IT USED TO BE that the owners of practically every business were themselves the managers of the business. Today, as far as large businesses are concerned, a profound change has taken place. In the Bell System, for instance, employee management, up from the ranks, and not owner management, is responsible for running the business.

This management has been trained for its job in the American ideal of respect for the individual and equal opportunity for each to develop his talents to the fullest. A little thought will bring out the important significance of these facts.

Management is, of course, vitally interested in the success of the enterprise it manages, for if it doesn't succeed, it will lose its job.

So far as the Bell System is concerned, the success of the enterprise depends upon the ability of management to carry on an essential nationwide telephone service in the public interest.

This responsibility requires that management act as a trustee for the interest of all concerned: the millions of telephone users, the hundreds of

thousands of employees, and the hundreds of thousands of stockholders. Management necessarily must do the best it can to reconcile the interests of these groups.

Of course, management is not infallible; but with its intimate knowledge of all the factors, management is in a better position than anybody else to consider intelligently and act equitably for each of these groups—and in the Bell System there is every incentive for it to wish to do so.

Certainly in the Bell System there is no reason either to underpay labor or overcharge customers in order to increase the "private profits of private employers," for its profits are limited by regulation. In fact, there is no reason whatever for management to exploit or to favor any one of the three great groups as against the others and to do so would be plain stupid on the part of management.

THE BUSINESS cannot succeed in the long run without well-paid employees with good working conditions, without adequate returns to investors who have put their savings in the enterprise, and without reasonable prices to the cus-

tomers who buy its services. On the whole, these conditions have been well-met over the years in the Bell System.

Admittedly, this has not been and is not an easy problem to solve fairly for all concerned. However, collective bargaining with labor means that labor's point of view is forcibly presented. What the investor must have is determined quite definitely by what is required to attract the needed additional capital, which can only be obtained in competition with other industries.

AND in our regulated business, management has the responsibility, together with regulatory authorities, to see to it that the rates to the public are such as to assure the money, credit and plant that will give the best possible telephone service at all times.

More and better telephone service at a cost as low as fair treatment of employees and a reasonable return to stockholders will permit is the aim and responsibility of management in the Bell System.

*Walter S. Gifford*

WALTER S. GIFFORD, President  
AMERICAN TELEPHONE AND TELEGRAPH COMPANY



Corrugated and Solid  
Fibre Boxes

Folding Cartons

Kraft Grocery Bags  
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**I**n the big, important field of packaging every type of product from foods to furniture and heavy machined parts, Gaylord correct functional design, precision manufacturing and better materials mean a safer trip for your product no matter how or where it travels.

### **GAYLORD CONTAINER CORPORATION** **General Offices: SAINT LOUIS**

New York • Chicago • San Francisco • Atlanta • New Orleans  
Jersey City • Seattle • Indianapolis • Houston • Los Angeles  
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Worth • Tampa • Cincinnati • Dallas • Des Moines • Oklahoma  
City • Greenville • Portland • St. Louis • San Antonio • Memphis  
Kansas City • Bogalusa • Milwaukee • Chattanooga • Westaco  
New Haven • Appleton • Hickory • Greensboro • Sumter

determine the characteristics of the cleaned product.

However, if the need should arise the acetylene obtained could be converted into carbon black. Then the yield would be 10½ lb. of carbon black to each 1,000 cu. ft. of natural gas. This is higher than the yield of black obtained conventionally from natural gas.

• **Pilot Plant**—These figures on potential yield were obtained in the pilot plant tests that formed the basis for the commercial venture. The pilot plant occupied 1,200 sq. ft. of floor space, and it was able to produce about 15 lb. of acetylene per hour. Maximum natural gas charge rate was 1,500 cu. ft. per hour; maximum power rate was 75 kw.

The significance of the commercial venture, according to Dr. Schoch, lies in the fact that the "glow" discharge principle can theoretically be applied to make other types of chemicals. The know-how obtained in the \$300,000 research investment is going to be a big help in developing these new applications. Hence pilot plant operations at the university will be directed toward use of the technique to produce other chemicals.

• **Expectations**—The new plant at Houston will produce, it is expected, 2 million cu. ft. of acetylene per month. Manufacturing costs are expected to be from 4¢ to 4½¢ per lb., which is less than cost of the main way it is made now—from carbide. The 4¢-4½¢ figure is also about 80% of the cost of producing the gas by the German method, although plant investment is about the same. Plant investment for the new process, based on 1946 costs, is estimated at about \$113 to \$123 per kw. power rating.

### **TEXTILE MACHINE ENTRY**

Machinery builders continue to cast a covetous eye on the textile field. The latest announced entry in the field is McGlynn Hays Industries, Inc., Belleville, N. J. This firm, formerly a manufacturer of elevators, is now confining its entire production to textile machinery.

Textile equipment looked like a good bet to the company after a market study was made by Turk, Hill & Co., N. Y. So they worked with Forstmann Woolen Co., Passaic, N. J., and developed a worsted spinning machine of improved design, which operates at high speed with "complete freedom from vibration," using a minimum of floor space. Considerable cost savings can be realized with the machine, it is said.

McGlynn Hays farms out some of the parts for manufacture. The company is continuing work on other new textile machines.

Cement plant at Bamberton, on Vancouver Island, has deepsea loading facilities for products manufactured from the raw materials of close-by quarries . . . a feature typical of the unique industrial opportunities of British Columbia.



## Investigate British Columbia

# Mineral Storehouse of North America

### Minerals Mean Profits British Columbia

mining—B.C.'s second industry—fully supports 140,000 men and women. Last year 69 commercially-important minerals produced \$73 million of new wealth in the province.

Coal, structural materials and miscellaneous minerals mined in 1946 were worth more than \$13 millions. Gold and precious metals made up the balance.

Business is moving to British Columbia (exports increased 12% in 1946), yet but a fraction of the mineral wealth awaiting development is in production. To date light prospecting only has been done throughout most of the province.

Iron ore, cement, lime, limestone, sand, gravel, clay, gypsum, feldspar, quartz, silica, garnet, asbestos, diatomaceous earth, barite . . . these are but a few of the industrially-important minerals which abound in B.C.

Life and staple government with a 15-year record of sound finances contributes to the desirability of investing for the future in this great province.

**Business is Moving  
British Columbia**

Minerals, metal ores, forest products, fisheries—natural resources whose extent has hardly been tapped are available in British Columbia. And in addition, every essential requirement exists for the development of these raw materials by new industry—skilled labor, deepsea tide-water and rail shipping facilities, industrial fuels, moderate climate, power.

In every section of British Columbia's 366,000 square miles water power exists—a total of 10,988,000 h.p. at ordinary six-months flow. And the British Columbia Power Commission offers a favorable plan for the supply of power to new industry.

Research on the industrial possibilities of any of B. C.'s raw materials will be undertaken economically by the British Columbia Research Council—a non-profit organization staffed by qualified industrial scientists and research specialists. Your inquiries will be handled in confidence, of course.

Full information on any aspect of local production or resources will be provided by the Department of Trade and Industry. Act now. Investigate British Columbia—one of the great primary producing areas of the world—mineral storehouse of North America.

THE PROVINCE OF  
INDUSTRIAL OPPORTUNITY

# BRITISH COLUMBIA

Write

DEPARTMENT OF TRADE & INDUSTRY  
PARLIAMENT BUILDINGS  
VICTORIA, B. C.



THIS IS NO. 9 OF A SERIES

We present these Names and Trade-marks as a cross section of industrial America that we have the privilege of serving—many of them over a period of years.

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**CANNON**

INDUSTRIAL PAINTING SPECIALISTS

SPECIALIZING IN SERVING INDUSTRIAL PLANTS ONLY

OLIVER B. CANNON & SON, INC.  
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## Now! Have all the Copies you need...

of important letters, plans, documents, pictures, etc.!

Amazing, new, handy office unit—the APECO Photoexact—makes them quickly, accurately, at low cost!

Imagine the convenience and efficiency of having extra copies whenever you want them: copies of records, reports, charts, contracts, photos, maps, blueprints, clippings, checks, financial data, etc. No "sending out" for photocopies—no costly "doing without!" With APECO in your office, you can copy



PHOTO \$8.55  
COPYER up to  
18" x 22"  
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accessories,  
additional

Also continuous  
color models for  
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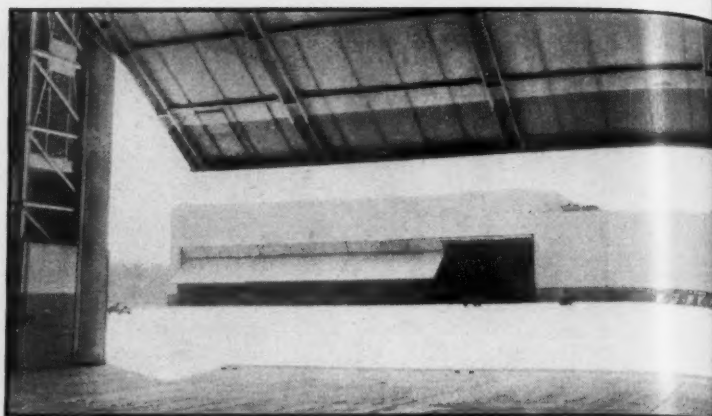
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## Huge Warehouse for U. S. War T

The giant plant (above) at Marietta, Ga., where Bell formerly turned out B-29 bombers, is now on the receiving end of the line. U. S. Air Force has converted the vast plant into a Fort Knox for storing machine tools against another emergency. Lathes, grinders, foundry machinery, welders, presses, and other metalworking tools—\$125-million worth—are being packaged by Allied

Packaging Co., Cleveland, for the Robins Air Materiel Area. Tools of the plant, are tested, cleaned, put in condition, sprayed with oil.

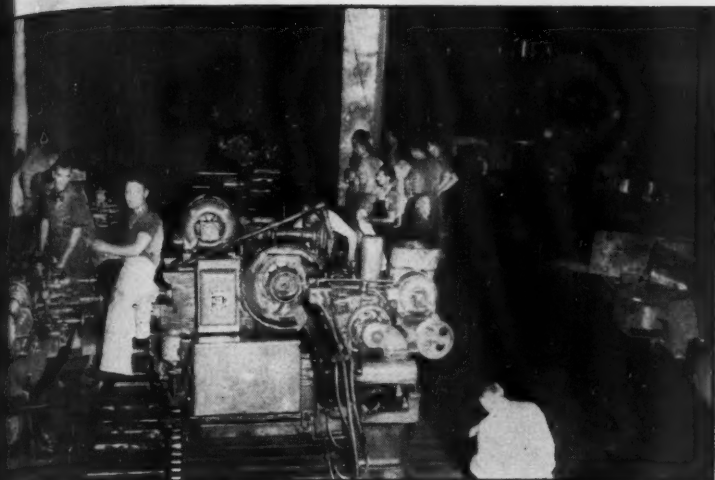
Smaller ones are boxed or wrapped. Larger ones are coated with a heavy plastic for storage, they will be ready for instant use, any time in the next 10 years. Steps in the process are:



1. ON THE WAY IN: Machine tools enter the plant on rail cars



2. UNLOADING: The machines are taken from the cars for inspection



3. CLEANUP: Heavy equipment moves on a conveyor into the bath

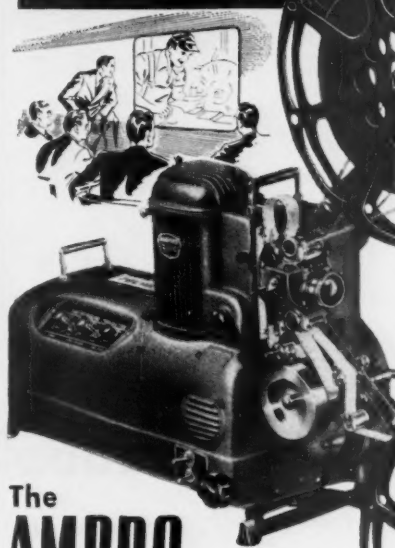


4. SPRAYING: Inside, tools get a cleaning, perhaps a plastic coat



5. STORAGE: Securely sealed, they stack up, ready for any emergency

# A BUSINESS TOOL That Pays Real Dividends



## The AMPRO 16mm. Sound-on-Film Projector

This new Ampro "Premier 20" 16mm. Sound Projector is a valuable aid to *your business*. It makes available to you 16mm. sound films which combine the drama and magic of sound, motion and color . . . create new interest in sales training, product demonstrations and industry exhibitions. Dealers, prospects, salesmen, employees understand better and remember *longer*—when they see and hear it in 16mm. sound films.

This new Ampro Sound Projector will amaze you with its convenience, ease of operation, and all around flexibility.

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### AMPRO CORPORATION

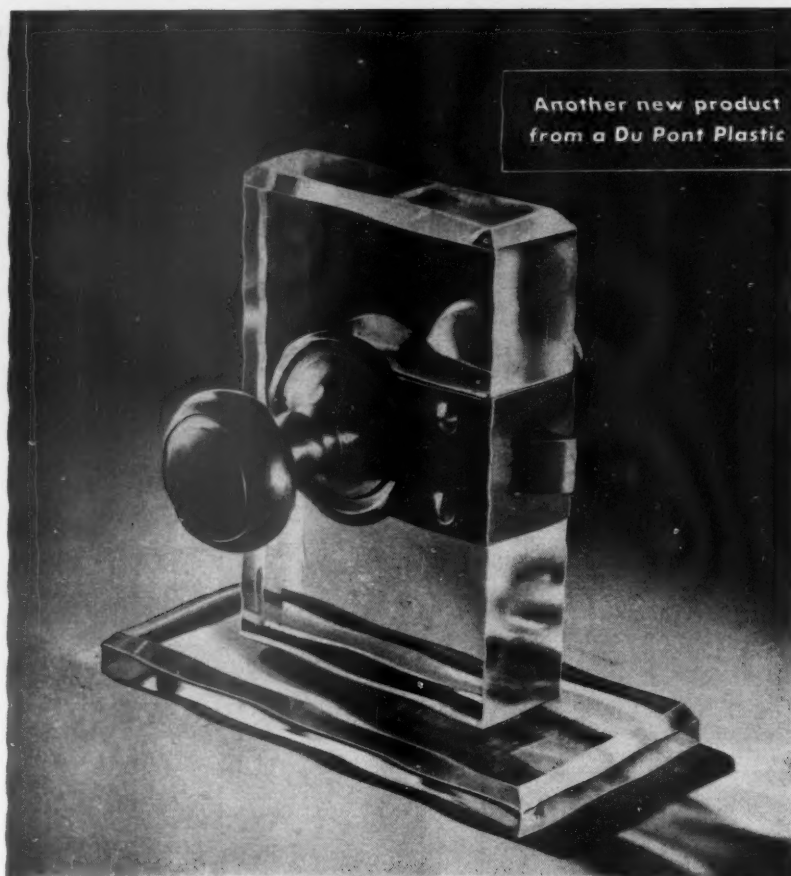
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A General Precision Equipment Corporation Subsidiary

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## OPENS THE DOOR TO MORE SALES

*Lock sells itself . . . in appealing counter display of "Lucite"*

Seen from any angle . . . this smart silent salesman builds sales through self-demonstration. Unusual features of the Acme Unit Lock are dramatically displayed in its sparkling mounting of clear "Lucite" acrylic resin. Out on the counter, or in the window—it means more buying interest with less sales effort.

Developing the lock mounting after careful investigation of other materials, Mastercraft Plastics Company have used their experience in the fabrication of Du Pont "Lucite" to provide Acme Hardware Corporation with a brand-new, eye-catching display for hardware stores.

For effective merchandising . . . and smart packaging, too . . . more and more manufacturers are turning to "Lucite." It's available in many colors: transparent, translucent, or opaque. "Lucite" is light, durable, chemically inert . . . resists shattering and breakage. It is easily and

economically fabricated or molded.

Perhaps you can profit with a Du Pont plastic . . . in developing a new product or improving an old one. Write for literature. E. I. du Pont de Nemours & Co. (Inc.), Plastics Department, Room 6012, Arlington, N. J.

Display unit made by Mastercraft Plastics Co., Inc., Jamaica, N. Y., for Acme Hardware Corporation, Ozone Park, N. Y.



## Two New Pallets On Production Lines

Because pallets offer an easy means of cutting materials-handling costs, they are getting a good deal of attention from production men. The "unit-load" technique got a big lift during the war (BW—Jan. 25 '47, p. 38). Now, two companies are pushing two new pallets, each with a different angle.

• **Wood and Cardboard—International Harvester Co., Chicago,** gets plenty of production mileage out of its new wooden pallet (picture). This "depot box" is easily handled. It can be used conventionally for shipping, can serve as a storage bin at warehouse. The pallet is accessible from all four sides. When one wire is cut, a hinged door in one side can be opened for easy access to stored parts. The pallet knocks down for return shipment, and easily reassembled.

Container Division of International Paper Co., Chicago, is pushing its corrugated paper pallet, designed by Addison-Semmes Corp., Racine, Wis. Distribution is also being handled through two materials-handling machinery makers: Automatic Transportation (Chicago) and Clark Truktractor Division of Clark Equipment Co. (Battle Creek, Mich.).

• **Disposable—The corrugated paper pallet** costs between 50¢ and \$1, hence is promoted as "disposable" like a paperboard carton. The pallet is made of double-faced corrugated sheets supported on short columns or posts which are essentially a single roll of paper and come in a standard four by four ft. size, with posts that range from 4 in. to 8 in. in diameter.

Each pallet has from four to 16



I-H PALLET, "depot box," handles unit loads, doubles for storage, too.



On posts. Static load tests showed a 2 ft. by 3 ft. pallet with nine 7-in. steel posts can carry up to 20 tons of steel before failure.

**BY SHIPPING LOSSES**  
Shipping losses in packaged goods reached a new high last year. To find causes and cures, the Shipping Container Institute, New York 17—founded by a group of fiber-box manufacturers—began an extensive research and educational program.

Preliminary results of the studies show that: (1) Shippers and personnel are responsible for a major part of damage responsibility, with careless loading a principal cause of damage; and (2) carriers are responsible for a good share of damage. On the carriers' side, troubles come from rough handling, leaky cars, broken pallets. Greatest damage occurred in old

Shipping Container Institute is studying different fiber box materials in connection with the Institute of Paper Chemistry, Appleton, Wis. Object: improved container construction.

**OMATIC BOOKER**  
Handling passenger reservations costs airlines millions of dollars every year. International Telephone & Telegraph Corp. thinks that if the airlines use automatic electronic equipment handling such work they could cut such costs in half. What I.T.&T. has in mind is its "Abex" (automatic booking exchange). This device does away with the hand work, records all reservations automatically. A major airline is going to put it to a commercial test in New York soon.

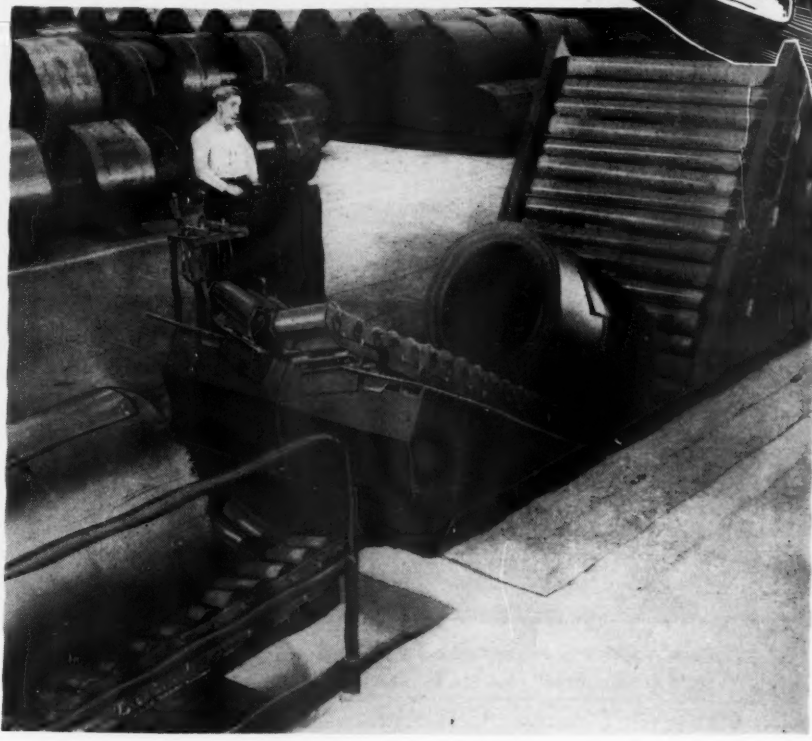
This is how the gadget works: Each agent has a keyboard and printer in front of him. First he gets from the customer information as to date, flight number, departure point, destination, number of seats. Then, with a touch of the finger he transmits this information on his keyboard. At a central point, automatic equipment records this information. In seconds, the agent knows whether the space is available. If it isn't, the machine scans other agents to find the nearest to needs.

**W RESIN ALCOHOL**  
Natural rosin is the basis for a new alcohol just introduced by Hercules Powder Co. The new alcohol is being promoted for the first time at the Chemical Industries Exposition in New York. It has potential uses in the paint, rubber, adhesive, detergent, varnish, and lacquer fields. It is the first primary alcohol to be

# MATHEWS

## Continuous Flow Methods

### Help Industry to Deliver the Goods



In striving to improve their production performance, and to meet as nearly as possible the great demand for their product, manufacturers are critically watching their materials-handling methods. Many are finding that a great step toward such improvement is the application of conveying equipment which has been designed to keep materials moving through manufacturing processes in an orderly, continuous flow. Just as the coil conveyor shown above handles strip steel smoothly and safely, Mathews gravity and power conveyors and special conveying machinery are helping manufacturers in other fields to increase their volume of finished product, and to better meet the requirements of their customers.

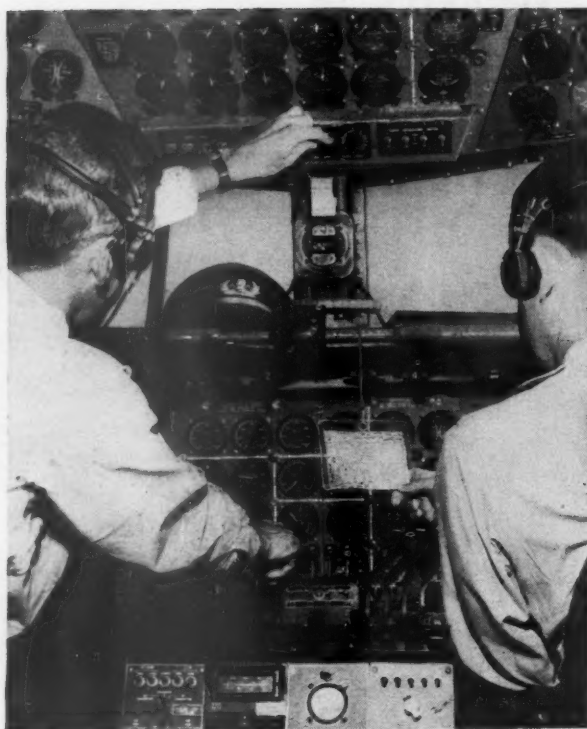


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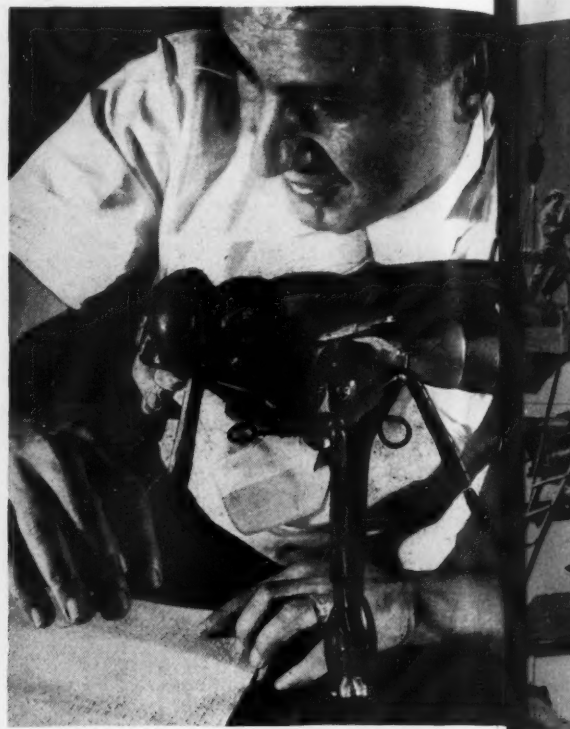
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**MATHEWS CONVEYER COMPANY, LTD.**  
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People who like to read about "what goes on up front in an airliner" also like to read about *widgets*.



People who wonder how blind folks learn to visualize things they can't see are also curious about *widgets*.

**A widget** is a product having a distinguishing and unique feature.

Like, for example, a watch with a novel mechanism, an automobile tire with a new safety factor, or even a breakfast cereal with a special health benefit.

**If you manufacture a widget**, you undoubtedly give it just a little more than the usual amount of explanation in an advertisement if the public is not only to grasp what it is but go out and buy it.

Everybody—meaning the 140,000,000 people who make up this country—can't take factual explanation. It bores them. Which is bad for manufacturers of *widgets*.

But there are, in this country, one million factually minded souls who practically live on such information—and who, because they do, always know what they're talking about and are able to spread

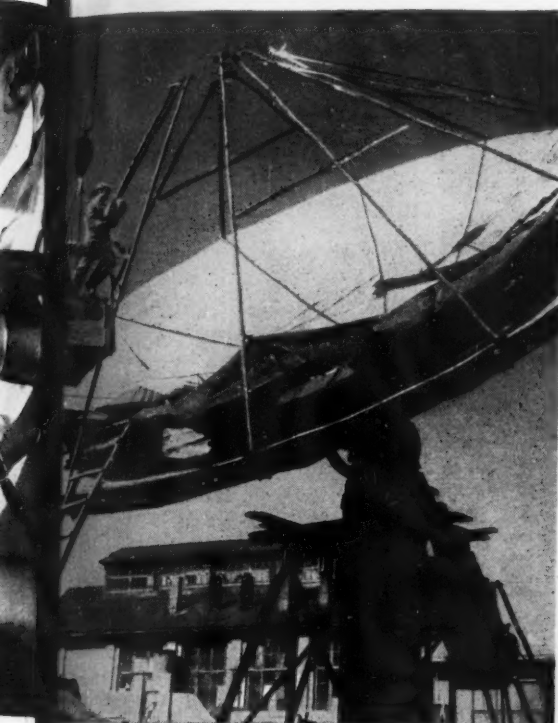
invaluable word-of-mouth advertising to the factually minded. About the *widget* you manufacture.

**These one million** factually minded souls read *SCIENCE Illustrated*, in one way or another, month after month. Roughly a half million actually lay out 25 cents for it. The others manage to see it and read it in devious ways.

If you manufacture a widget, *SCIENCE Illustrated* can be the "best bet" on your advertising scheme—because it assembles for you monthly the current information of the factually minded, the hungry-for-information.

**Pick up the current** *SCIENCE Illustrated* on your way home tonight. See for yourself (1) why people read it with every issue and (2) why, if you make a *widget*, *SCIENCE Illustrated* offers you the natural place to talk about it!

*u* widget? \*



(Sovfoto)

you'd like to know more about this widget for utilizing  
energy, see page 51, November Science Illustrated.

## \* THESE ARE "widgets"

(Products Having A Distinguishing And Unique Feature)

**RADIOS...** that utilize new electronic developments

**SOAPS...** that do extra nice things for  
complexions and clothes

**REFRIGERATORS...** with something the  
others don't have

**FOUNTAIN PENS...** that merely write on paper

**AUTOMOBILES...** with automatic transmissions

**TIRES...** with important scientific improvements

**GLASS...** that lets in the sun but keeps out the cold

**CLEANING FLUIDS...** that don't remove  
the color along with the spot

**FABRICS...** that never wrinkle

**CHEWING GUM...** with a scientific ingredient

**PAINTS...** that also are fire resistant

**CEREALS...** with vitamins that natural  
grains don't have

(Sorry if we've omitted your special "widget"—but you get the idea!)

### A QUICK SUMMARY OF FACTS

**TOTAL CIRCULATION:** 490,000

**HOME-OWNERS:** 58%

**GUARANTEED:** 400,000

**READERSHIP BY SEX:**

**READERS PER FAMILY:** 2.6

62% men—38% women

**TOTAL MONTHLY AUDIENCE:**

**COLLEGE EDUCATED:** 52%

1,000,000 plus

**LIFE INSURANCE OWNERS:** 91%

**NEWSSTAND:** 35%

(Against a national average of 50%)

A McGraw-Hill Publication

# Science

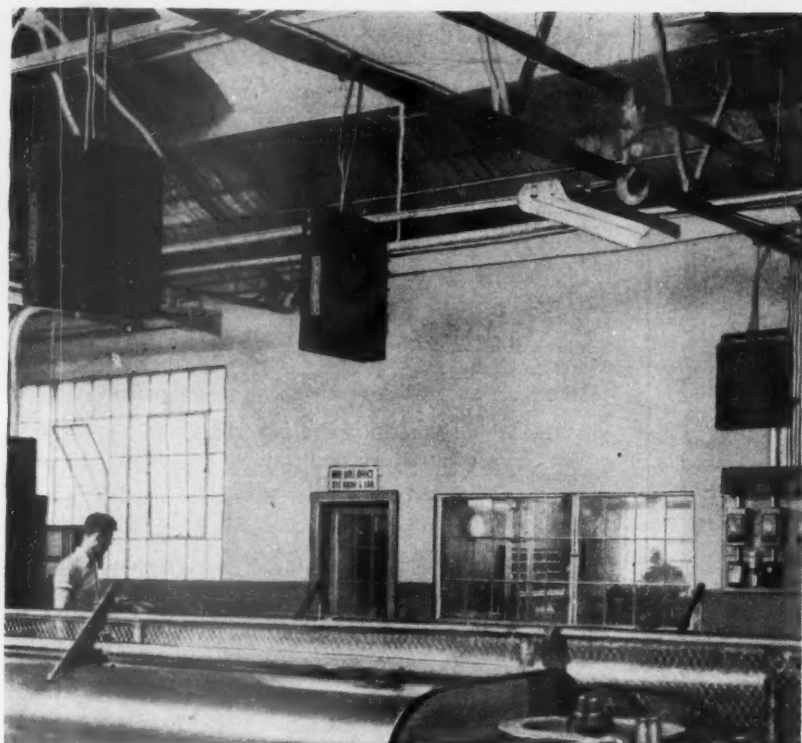
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developed for commercial use for rosin, one of the cheapest organic acids. It comes as a viscous liquid (at room temperatures), is colorless, sticky, and does not mix with water. It resists coloration by light and air.

The alcohol will be commercially produced at a unit of Hercules' plant at Burlington, N. J. This \$3-million plant was built for the production of chemicals from rosin—one of the mainstays of the Hercules operation.



## ROBOT CAB FINDER

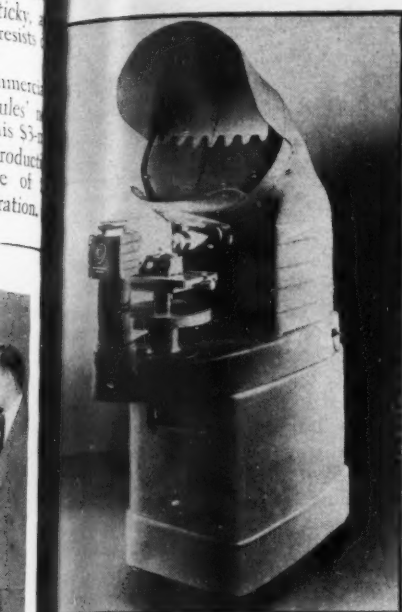
A robot memory machine is doing some of the heavy thinking for a taxicab fleet in Seattle. Electro-Dispatcher Corp. of that city makes the electrical device for use in connection with two-way radio equipment. The robot memorizes the status and location of all cabs in the fleet after the information is recorded by pushing the right buttons.

The machine's two main units, connected by cable, are a console and the "brains"—an assembly containing switches and banks of relays.

At the console, a telephone operator takes a customer's call. He writes the order on a card, which is dropped in the correct zone box. On the other side of the board, a radio operator presses the zone button. Numbered lights show what cabs are available.

H. I. Pierce (above right), company president, says use of his brainchild will convert 3% to 5% of dead mileage into live. He expects to service police departments, railroads, even warehouses and stores, for inventory control.

## NEW PRODUCTS



clude control of highly corrosive fluids and aviation gasoline.

• Availability: according to specification.

### Coaxial Cutter

For cutting the coaxial cables used in high-frequency radio and television work Mathias Klein & Sons has developed a tool that shears the wire and flattens ends in one operation. The cutter works with a convex blade acting against a straight blade. This produces the flattened end which the manufacturer claims will prevent unwinding of the steel shielding tape on the coaxial tube.

Each cutting blade is held in place in the head of the tool by two countersunk screws. These blades are replaceable. The cutter, designed for one-hand operation, is manufactured at 3200 Belmont Ave., Chicago 18.

• Availability: immediate.

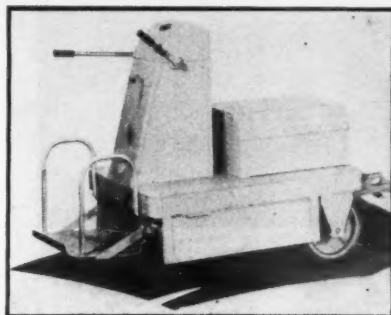
### Contour Checker

A streamlined projection comparator for producing magnified contour images announced by American Optical Co., Southbridge, Mass. The instrument is portable and can be moved about the plant on retractable casters. The basic unit, mounted either on a bench or on a pedestal, can be used for inspecting production pieces or as a microscopic measuring device.

The viewing screen of the comparator has a 16-in. diameter image area. The projected image corresponds to the work profile as viewed from the operating position. Magnifications of 1X, 20X, 31.25X and 62.5X are possible with interchangeable mounts.

Other features include: finger-tip focusing, colored light filter, sealed-in surface mirror. The hood, base, and pedestal are aluminum.

Availability: early 1948.



### Battery Truck

Maneuverability and low-operating cost are claims made for a new lightweight electric tow unit. The machine has a turning radius of 72 in., is said to turn easily into 62-in. aisles.

The truck works from either a 24-volt or 32-volt battery. Since operation is fumeless and odorless, it is claimed to be ideal for use in food and drug warehouses. Speeds up to 8½ m.p.h. are possible; the truck can handle a maximum load of 10,000 lb.

The manufacturer, Rocky Mountain Steel Products, Inc., 1360 Wall St., Los Angeles 15, calls the truck the Pony Express Orange Tow Unit.

• Availability: two weeks.

### Electric Flowmeter

An electric flowmeter for measuring and controlling the rate of flow of fluids has been developed by Charles Anglehard, Inc., East Newark, N. J. The meter works on the outside of pipes, out of direct contact with the fluid being measured. Thus there is no chance of corrosion or clogging of meter parts.

The new instrument works on a heat principle wherein temperature differentials produce an electrical signal that is used for measuring and recording fluids as well as aviation gasoline. It is claimed to be vibration-proof and resistant to changes in fluid temperature. Uses in-

### Speed Equalizer

Six different power sources can be synchronized to the same speed by a mechanism developed by Taber Associates, 401 N. Broad St., Philadelphia 8. The device is designed to give absolute operation at same speed cycles between two electric motors or two gasoline engines. By inserting extra

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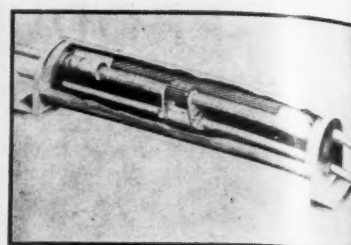
ing production. Mr. Voiland is now serving his second term as Kansas State Printer.

Remember the word *balance* when you buy bond and ledger paper, as Mr. Voiland does. Men who know printing agree that no paper should be distorted in the process of manufacture to produce a high pop test, unnecessary tear strength, or unneeded folding endurance. *Balanced* Certificate Bond, Ledger, and Index are made with the correct pop test, tear and folding endurance for their fibre content.

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*The Certificate Family of balanced papers, bond, opaque, ledger and index, is fabricated for modern production needs, letterpress and offset, and for typewriters and office printing machines.*



gears, the mechanism can handle most power sources.

The device works through a gear attached to the main power source. Another shaft has a small gear which rides on a screw thread. If the two power sources are running at identical speeds, one gear operates the other at the same speed. In this case, the small pinion gear will not move lengthwise on the screw thread. When one power source slows down, however, the small pinion gear moves lengthwise. This opens the throttle of the slower power source and slows down the faster one until synchronization is again reached.

The device is completely enclosed and operates in an oil bath. Clutches protect against damage. The unit weighs 3 lb., is 10½ in. long, 2¼ in. wide, 2¼ in. high.

• Availability: 90 days.

### P. S.

Carbon paper that won't curl is manufactured by Mittag & Methudy, Inc., 261 Broadway, New York 7.

Tire chains "pull on" with a temporary steel device that anchors the end links. Spring tension holds the gadget in place on the tire tread. Maker: Marny Co., P.O. Box 1243, Wilmington, Del.

Bell-ringing oil rod for autos sounds off when the rod is pushed all the way down, assures the motorist that the oil check is correct. Manufactured by Oil Bell Co., St. Anne, Ill.

X-ray tubes, as small as power tubes in a home radio, have been developed by Westinghouse Electric Corp., Bloomfield, N. J. Reports say they'll take a 70,000-v. beating for 20 years.

Dry cell batteries using a plastic construction have been announced by Olim Industries, Inc., East Alton, Ill.

Plastic ice bucket has inner and outer bowls, and a crystal cover, of polystyrene. It costs \$4.95, is made by (hold your hats) Brrr Inc., 1785 First Ave., New York.

Soap keeps dry in a plastic holder that has a run-off for water. Distributed by Dale & McCorkle, 6514 Selma Ave., Hollywood 28.

Baking oven 130 ft. long and 12 ft. wide will turn out 6,000 loaves of bread per hr. at Omar Inc.'s baking plant, Columbus, Ohio. The oven is made by Baker-Perkins Co., Saginaw, Mich.



# TRY WAA FIRST!



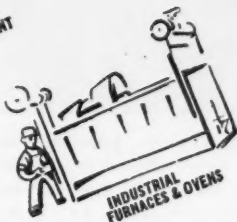
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## FINANCE



**MOVIE MOGULS** met in New York to move against the Communists, but they have other problems, too: high costs, low earnings, the British tax. They are (left to right, front) Gradwell L. Sears, United Artists; Barney Balaban, Paramount; Eric

A. Johnston, Motion Picture Assn. of America; Nicholas M. Schenck, M-G-M; Jack Cohn, Columbia; (rear) Ned E. De Pinet, R-K-O; Nathan J. Blumberg, Universal; and Samuel Schneider, Warner Brothers.

## Problems Face Movie Makers

Rising costs, declining attendance have meant lower earnings this year; British 75% tax on film rentals threatens to cut income sharply next year. Result: Stock prices have slumped badly.

Motion picture shares were one of the stock market's most spectacular war-babies. And in the wild postwar "peace is bullish" market of 1945-46 they zoomed even faster.

As measured by Standard & Poor's weekly index, the average value of movie stocks tripled between 1940 and V-J Day. In the next ten months it doubled again. As a result, by the spring of 1946 the index (1935-37 = 100) had reached a level of 350.3, compared with 153.5 at the close of the war and its earlier wartime low of but 45.5.

• **Reversal**—But the story has been vastly different since the spring of 1946. In the past 18 months the movie stocks have been a prime Wall Street selling target instead of one of its favorite buys.

S. & P.'s movie stock average, as a result, has slumped sharply. It now stands at a point some 50% under its 1946 peak.

• **Reasons**—What have been the causes of this sharp reversal? For one thing,

many investors recently have tended to favor heavy-goods shares over all consumer-goods issues—including department stores, liquor companies, and others as well as the movie makers (BW—Nov. 29 '47, p. 66).

But beyond this, there are a number of unfavorable factors that affect the movie industry itself. Among them:

- Film company earnings this year will run well below 1946 (box, page 96).
- The 75% British tax on earnings of U.S. films (BW—Aug. 16 '47, p. 103) threatens a drastic cut in future revenues of movie makers.
- Production costs have been climbing steadily.
- Movie theater admissions show a disturbing drop compared with last year.
- **Foreign Levies**—The British tax has had little effect on 1947 earnings. But if it is not changed, it will hit the movie makers hard in 1948. Hollywood estimates that, if the tax had been in effect in 1946, the industry's over-all net



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## Statement of Condition, October 31st, 1947

### ASSETS

Cash on hand and due from banks and bankers . . . . .	\$ 236,743,414.64
Notes of and cheques on other banks . . . . .	103,721,668.70
Government and Other Public Securities (not exceeding market value) . . . . .	957,888,826.81
Other Bonds, Debentures and Stocks (not exceeding market value) . . . . .	96,866,538.42
Call Loans . . . . .	36,807,209.71
	<u>\$1,432,027,658.28</u>

Commercial and Other Loans . . . . .	421,704,063.46
Bank Premises . . . . .	13,276,623.00
Customers' Liability under Acceptances and Letters of Credit (as per contra) . . . . .	27,290,956.97
Other Assets . . . . .	4,106,003.48
	<u>\$1,898,405,305.19</u>

### LIABILITIES

Notes of the Bank in Circulation . . . . .	\$ 4,783,548.00
Deposits . . . . .	1,783,441,647.31
Acceptances and Letters of Credit Outstanding . . . . .	27,290,956.97
Other Liabilities . . . . .	1,809,581.81
Capital . . . . .	\$36,000,000.00
Reserve Fund . . . . .	44,000,000.00
Undivided Profits . . . . .	1,079,571.10
	<u>81,079,571.10</u>
	<u>\$1,898,405,305.19</u>

If you desire information on Canadian conditions, your inquiries will receive prompt and thorough attention from our Business Development Department at the Head Office in Montreal or from any of our offices in the United States.

### Head Office: Montreal

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B. C. GARDNER, M. C., *General Manager*

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TO A MILLION CANADIANS







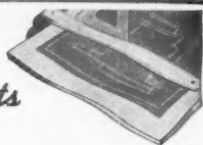
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Dunbar Glass Corp.,  
Dept. B-2, Dunbar,  
W. Virginia. Est. 1911



would have been cut by at least 25%. And the effect on some individual companies will undoubtedly be considerably greater than that. Loew's, Inc. (Metro-Goldwyn-Mayer), and Twentieth Century-Fox are said to have the most at stake in the British market; this has been a major factor causing the drops of 53% and 60%, respectively, in the prices of these two companies' stocks since early 1946.

Another unfavorable factor implicit in the British tax is the possibility that other countries may do likewise. Some, in fact, have already done so. Australia recently approved a freeze on 33 1/3% of foreign film rentals. Argentina has frozen all such funds.

• **Problems at Home**—Much more imminent, however, are the industry's do-

mestic problems. Of these, perhaps the two most pressing are declining attendance and rising costs.

At this time of year, theater-going normally expands sharply. Although business in recent weeks has been increasing some, exhibitors' gross receipts have been well below last year. And theater patrons have been showing more discrimination: No longer will they pay money to see anything at all just to go to the movies.

• **Costs Going Up**—Production costs have been rising rapidly. As a result, features that used to cost around \$1-million before the war now cost 25% to 50% more to make.

The industry is doing its best, of course, to reduce costs. But the problem is a difficult one. Salaries and wages

## Hollywood Is Prepared for Fiscal Troubles

Few industries had better earnings during the war and early postwar months than the motion picture industry. And few managed to achieve more in the way of fiscal improvements with their war earnings than did the movie group, as evidenced in the tabulation below (in thousands of dollars).

Fiscal Years of	1938	1944	1945	1946	1947
<b>LOEW'S, INC.</b>					
Gross income	\$108,892	\$145,121	\$154,230	\$165,353	
Income taxes	1,329	15,162	12,203	13,749	
Net income	9,918	14,517	12,913	17,959	E\$12,500
Working capital (H)	40,249	70,184	91,967	96,986	
Long-term debt (H)	17,962	29,340	43,369	43,913	
Earned surplus (H)	47,787	79,679	85,641	95,351	
<b>PARAMOUNT PICTURES, INC.</b>					
Gross income	104,360	157,687	162,361	200,782	
Income taxes	484	29,874	24,145	23,980	
Net income	2,533	14,743	15,425	39,199	E\$32,000
Working capital (J)	29,012	48,846	53,559	73,562	
Long-term debt (J)	42,923	21,120	12,672	3,407	
Earned surplus (J)	9,347	46,160	55,399	82,240	
<b>RADIO-KEITH-ORPHEUM</b>					
Gross income	56,451	84,903	96,199	120,126	
Income taxes		5,545	5,740	7,390	
Net income	D186	5,206	6,031	12,188	E8,900
Working capital (J)	B	21,155	25,648	40,054	
Long-term debt (J)	B	17,478	11,457	20,480	
Earned surplus (J)	B	9,509	14,906	22,520	
<b>20TH CENTURY-FOX</b>					
Gross income	60,401	179,472	178,212	190,323	
Income taxes	806	25,100	G21,650	14,650	
Net income	7,252	12,480	12,746	22,620	E15,500
Working capital (J)	24,350	42,317	53,471	64,306	
Long-term debt (J)		8,605	9,328	23,090	
Earned surplus (J)	13,969	35,734	42,062	46,776	
<b>WARNER BROTHERS</b>					
Gross income	102,206	141,183	146,618	163,908	
Income taxes	1,092	15,912	16,700	18,500	
Net income	D327	6,953	9,901	19,424	E23,000
Working capital (H)	8,345	25,825	38,277	37,735	
Long-term debt (A-H)	77,274	49,672	40,292	25,540	
Earned surplus (H)	D327	28,871	F29,977	41,074	

A—includes funded debt due within one year; B—reorganized as of Jan. 1, 1940; D—deficit; E—estimate; F—after charge to eliminate \$8,796,000 of good will; H—as of approximately Aug. 31; J—as of approximately Dec. 31.

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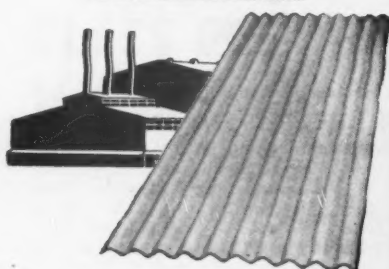
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normally account for around 85% of a picture's cost. As every businessman knows, these are the hardest costs to cut. The studio workers are strongly unionized; the unions would be sure to resist any attempt to cut wages or staffs. And the high-salaried stars, writers, and directors might refuse to accept cuts when their contracts come up for renewal.

• **Delayed Action**—Even if economies are made, they won't show up immediately in earnings statements. Their real effect won't be evident until more low-budget pictures are released, and until the cost of the present inventory of high-budget pictures has been amortized. That's why no one expects the present earnings downtrend to end before late 1948 at the soonest.

Thus far, movie company earnings haven't dropped badly enough to endanger present dividend rates. In addition, the industry today is in the best financial position in its history—due to the wise policy of using record wartime earnings to reduce debt and increase working capital. This will enable it to survive considerable heavy weather.

• **Wait-and-See Attitude**—But the fact can't be ignored that the industry is facing some serious problems. How successful it will be in solving them remains to be seen. Until definite evidence is available that the movie makers have made some progress, it's more than likely that many investors will continue to switch out of the movie shares into "more promising situations."

## Record Keeper

Chicago Title & Trust Co.  
celebrates 100th anniversary by  
moving its fabulous real estate  
record collection to new home

The Chicago Title & Trust Co., Chicago's only title guarantee company—this week was open for business in its new home. Transfer of the company's records to a building it bought two years ago and remodeled was one of the biggest moving jobs Chicago has seen in recent years. The event also marked the company's 100th anniversary in the title business.

• **History**—The firm owes much of its growth to two colorful Chicago events in which it played a role: the Chicago fire and the Streeterville litigation.

The company's most prized assets are the only nearly complete records of land ownership in downtown Chicago before the fire. When the fire swept over Chicago in 1871, the firm was one of three title companies in the growing city. In the fire all official county records of deeds to real estate went up in smoke. But the three abstract companies managed to rescue parts of their title indices and abstracts. After the fire the companies merged, pooled what each had salvaged.

• **Records Legalized**—These sketchy records of early titles were legalized



## Wall Street Broker's Feathered Stock

Harold L. Bache (right), of Wall Street's Bache & Co., proves he can talk turkey as well as finance. The senior partner of the nation's second largest brokerage house is a talented farm hand in his spare time. At his

Twin Spruce Farm, Washington, Conn., he helps load up some of his 2,000 turkeys for the holiday market. Some will be reserved for his employees' Christmas party. Bache raises chickens, pheasants, and pigs, too.



vidence of title by Illinois' burnt records act passed the following year by the state legislature. They remain the chief evidence of early landownerships in downtown Chicago real estate. The company today values these records at \$1.5-million.

A few years later the company played a big role in the development of the valuable tract north of the Chicago River and east of Michigan Avenue now known as Streeterville. The tract now houses such valuable properties as the Drake Hotel, Northwestern University's downtown campus, numerous high-priced apartment buildings.

**Squatter's Claim**—Title to all this tract was claimed by an old eccentric, Cap'n Billy Streeter. When a storm wrecked the houseboat he lived in at the foot of Superior St. in 1888, Cap'n Streeter claimed the property by squatter's rights. He dubbed it the District of Lake Michigan and for years he defended it by rifle against trespassers.

But then the sandy waste became valuable. Owners of adjoining property claimed riparian rights to it on grounds that it had been formed by natural accretion. Convinced that the claims were valid, the title company in 1900 began to guarantee titles to the land over Streeter's claims. Since then the company has been involved in endless legal fights with Streeter's heirs. Officials of the title company say that they have been in court every year since, still have one case pending, haven't lost a case.

**Mergers and Business**—Today's Chicago Title & Trust Co. is the result of mergers in 1901 and in 1912 with competing title companies. Since then, the company has been the sole writer of real estate title guarantees in Cook County. It also owns interest in five title companies in nearby counties. Last year the company reported assets of \$51,945,255.

Combined trust and escrow cash balances in 1946 amounted to over \$20-million. The company's trust business includes over 2,000 active land trusts, under which it holds title to real estate. It gets over 1,000 appointments each month as trustee in real estate loans. It also acts as trustee under wills and living trust agreements. To offset a shrinking title guarantee business (as a result of fewer real-estate sales), the company's president, Holman D. Pettibone, has started a vigorous campaign to build up more trust business of this kind.

**Earnings**—Last year the company reported gross earnings of \$8,688,000 and net income after taxes of \$2,108,000. In addition to the investment of about \$7-million in the Conway Building where the company will occupy the first six floors, it holds an investment portfolio of \$38,751,000.

## Depositors Wooed

Bank of America campaign beats drum to keep business up, and to sell itself to 7,000 new employees.

Half a billion dollars of new business in 108 days—that's the goal of the Bank of America.

It's the goal, but not the only purpose, of a two-pronged drive now heading down the homestretch. The other purpose is to sell the Bank of America to its newer employees and to the 3-million new people who have swelled California's population since 1940.

• **Pace: O.K.**—L. Mario Giannini, president and son of the founder of the big California banking house, took a sounding at the halfway mark (Dec. 31 is the deadline). His reading: The drive is close enough to schedule to make it worth the effort and money that have been poured into promotion.

The theme of the campaign is, "Let's get better acquainted." It's set to the kind of music that warms the heart of an advertising space salesman. The theme is constantly dinned in the bank's 508 branches and in the house organ, Bankamerican. Giannini has diverted a big slice of his advertising budget into the promotion. The schedule calls for regular insertions in 417 California newspapers, spot announcements on 27 radio stations, and 3,600 car cards. The three-month program involves an outlay of probably \$250,000.

• **Never Too Proud**—What does Giannini hope to achieve? He wants more and bigger deposits, of course, more commercial, industrial, and consumer installment loans. More than that, he wants his staff and the people of California to know that even though his is the biggest private bank in the world, the Bank of America isn't too big to solicit new business, whether it is large or small.

The bank grew fast during the war. Unlike large eastern banks it has kept growing since (BW—Jan. 25 '47, p64). Its resources of \$2,095,000,000 as of Dec. 31, 1941, shot up to \$5,640,000,000 as of Sept. 30, 1947. It had 2.4-million depositors in 1940; now it has 3.7-million. It had 7,000 employees before the war; it has 14,000 now.

• **Catching Up**—The bank grew so fast that there was little time for indoctrinating new employees and nursing customer relations. Now Giannini hopes to make up for that deficiency.

Until the campaign, the bank this year averaged 75,000 new accounts a month. In the first month of the drive, the staff rolled up 127,900 new accounts and close-outs fell off sharply.

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**COULD** your business profitably use money now tied up in inventory? Consider how Lawrence can help release these funds.

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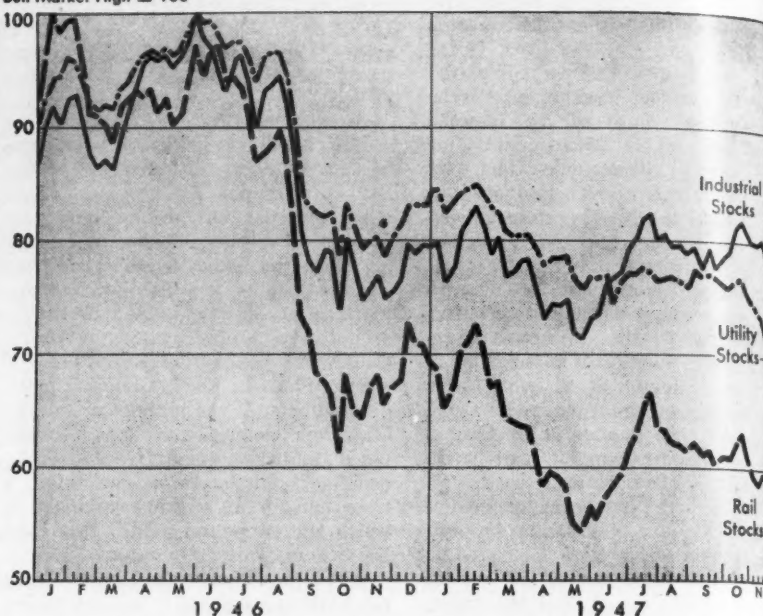
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# THE MARKETS

Bull Market High = 100



Data: Standard & Poor's Corp.

© BUSINESS WEEK

GROUP AVERAGES of stock prices show rails and utilities have taken the worst beating in the present bear market. Industrials look better by comparison

## "Free Enterprise" Does Best

That's shown in comparison of prices of regulated rails and utilities with "free" industrial stocks. Controlled rates don't allow affected companies to offset rise in costs.

Wall Street traders disagree about a lot of things. But there is one proposition that they will indorse almost unanimously: In times like these, government regulation of an industry is likely to work out to be the royal road to the poorhouse.

As the stock market figures things, an industry that can change its prices freely can look out for itself even though operating costs are bounding up to new heights almost daily. But a company that has to ask permission from a regulatory agency inevitably will get whipsawed.

• **Comparative Picture**—This conviction shows up plainly if you compare prices of industrials—the true "free enterprise" group—with rails and utilities, the two huge corporate groups whose destinies rest in the hands of government agencies.

Since the start of the bear market, industrials consistently have performed better than rails or utilities. And no matter which way the market goes from here, the industrials almost certainly will keep this advantage.

Here is the picture now as shown by Standard & Poor's industrial, utility, and railroad stock price averages (chart).

Industrial stocks actually recorded their 1946-47 bear market low last May. Since then they have suffered no really serious sinking spells. And by last week they had recovered some 30% of their earlier bear market loss, despite the gloom so often noticeable in the stock market in recent months.

Utility stocks have shown a pretty

### Security Price Averages

	This Week	Month Ago	Year Ago	Week Ago
<b>Stocks</b>				
Industrial	149.7	150.5	152.3	139.2
Railroad	40.6	41.1	41.2	46.0
Utility	66.7	68.0	72.7	76.0
<b>Bonds</b>				
Industrial	119.7	119.7	120.3	122.6
Railroad	104.8	104.6	105.8	111.7
Utility	114.7	114.6	114.7	111.9

Data: Standard & Poor's Corp.

ndy downtrend during most of 1947. Utilities have been scarce. By last week the utility average had sunk to a level 28% under its 1946 peak. This led one more new bear market low to the long string of similar new lows that the utilities average has been recording lately.

Rail stocks are even less inspiring. Like the industrials they recorded their bear market low last May. Since then they have managed to avoid any serious testing of that resistance point. But in recent months, they have floundered badly. By last week as a result, they were at a level 41% under their 1946 peak, and they were able to show less than an 11% recovery from their bear market low.

**Profit Trouble**—Wall Street sees nothing wrong with the operating picture in the rail and utilities. What bothers it is the present profit outlook for these two groups.

Both these groups stand to lose out when prices and wages rise rapidly. Their operating costs climb just as fast as those of the "free enterprise" companies. But they are in no position to take quick steps to adjust "selling prices" to offset the upswing in operating costs.

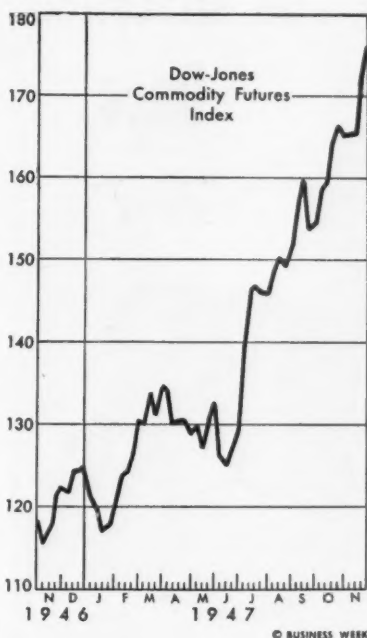
Instead, the rail and utility trades are compelled by law to ask the Interstate Commerce Commission, or a state utility commission, for permission to raise rates to make up for higher operating expenses. This takes time. And earnings suffer while pleas for higher rates are still hanging fire. Often, in fact, it is necessary while rate-increase cases are before commissions to increase the original request.

**Cases in Point**—Take rails, for example. They have yet to get a freight-rate boost to offset fully the wage increases they were recently forced to grant. To this add sharp increases in their operating costs. As a result, 1947 rail earnings are going to prove disappointing even though freight-hauling has been at record levels now for many months.

The utility industry is also feeling the impact of its operating-cost uptrend. It's true that its revenues in the nine months through September, 1947, ran some \$256-million ahead of 1946 levels. None of this gain, however, trickled through to net income. In the same period fuel costs alone were up \$120-million and payroll and other costs were \$116-million higher.

**Profit Boom**—But that's not the case with truly "free enterprise" trades. Industrial earnings, despite zooming operating costs, have risen this year to new high levels. In the case of the 50 companies making up S. & P.'s industrial stock average, for example, net income available for common stock dividends this year is expected to run 70% higher

than it did in 1946—and about the same percentage above the high mark that was set in the prewar decade ending in 1941.



COMMODITY PRICES for future delivery zoom to new postwar high

### Bulls Still in the Saddle

Commodity futures prices still refuse to take their cue from the stock market. While stocks continue to hem and haw, futures skyrocket to one new postwar high after another under the impact of repeated waves of buy-orders.

• **Index Zooms**—To gage the rise, take a look at the Dow-Jones commodity futures index. (It's a sensitive index based on wheat, oats, corn, and rye, cocoa, coffee, cotton, hides, rubber, silk, and sugar prices, with 1924-26 as 100.) As November closed, the index was perched 50% above its 1947 low; this was the highest point since it was started in October, 1933.

• **Chief reason** for the latest spurt was the price strength uncovered by late-November trading in the grain, cotton, and rubber markets. Some price weakness has developed since. But this is reported to be due mainly to profit-taking. Up to the middle of this week the liquidation didn't appear serious.

• **Significance**—For the businessman, the continued strength of the commodity markets is a mixed blessing. On one side it has increased inventory "paper profits" in many lines. But commodity price increases have a habit of inflating living costs. When living costs move up, as industry knows, payrolls always reflect the trend. And payrolls have a lot to do with profits.

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\*U. S. Pat. No. 2,093,547—Canadian Pat. No. 223,568





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*but***



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## OIL

### Price Kickoff?

Sun Oil boosts offers for crude 50¢ a bbl. Many in industry see raise as inflation threat but fear it will have to be met.

Last week Sun Oil Co. boosted its offer for crude oil to 50¢ a bbl. the price it will pay for crude oil. This is a jump of more than 20¢ from Sun's old level—\$2.15 a bbl.

If the increase becomes general, consumers will pay more for oil products. The wholesale price of gasoline, for instance, would probably go up 2¢ a gallon. By the middle of this week only one major company has followed Sun. But all refiners need all the crude they can get. If they lose oil to Sun they may have to raise prices to compete.

• **Reasons**—Sun's announced reason for the boost: The unprecedented demand for petroleum products (BW—Nov. 17, p. 23) made it difficult for the company to obtain enough crude oil at the previous price to operate at capacity. Sun said that "ever-increasing" premiums above posted prices were being paid directly or indirectly by many of its competitors. The company thinks, too, that higher prices will stimulate more oil production.

Another probable reason for Sun's boost: Sun produces only about half its crude requirements, has to buy the rest. By comparison, some 30 leading companies produce an average of 61% of their crude requirements, buy only 39%.

• **Rebuttal**—Eugene Holman, president of Standard Oil Co. (New Jersey), took issue with Sun's announced reasons. He sees the situation: Price advances won't stimulate production; the industry is producing as fast as it can; so further price hikes will have an inflationary effect. The real bottlenecks in oil production are not costs, Holman contended, but shortages of construction and drilling materials.

As to competition with buyers that pay premiums over the posted price for crude, Holman declared: Several previous postwar crude price increases have not eliminated or even reduced the practice.

• **Agreement**—The other major eastern and midcontinental refiners apparently agree with Holman, for none of them raised prices immediately. But Union Oil Co. of California raised its offering price for California crude 40¢ a bbl. giving the same reasons as Sun.

Four small companies—one in East

...as, three in the North Central area have raised their prices to match the Sun's increases. Independent oil producers, who objected when Holman came out earlier with high crude prices (BW—Aug. 2, p. 10), of course, like the Sun hike. But the industry hadn't felt any general pressure from these companies for a boost before Sun raised its price this week; on the other hand, there was a lot of pressure for an increase before the rise six weeks ago. Then Phillips Petroleum led the parade with a 20¢ boost.

**Industry's Ideas**—Many oil men feel the new price increase is ill-timed—not only because it may give a spin to the inflation spiral, but they fear it may help bring a return of government regulation. During the war, East Texas crude was fixed by the government at \$1.25 a bbl. Now it stands at \$2.65, highest since 1920. The Sun boost is the industry's fifth, and largest, since OPA ceilings came off.

Some oil men predict that, just the same, the Sun price raise will have to be met by the rest of the industry. In spite of the fact that most major companies seem to agree with the Holman view that there is no real reason for an increase in the price of crude oil at this time, they may be forced to raise their prices in order to keep up their crude supplies.

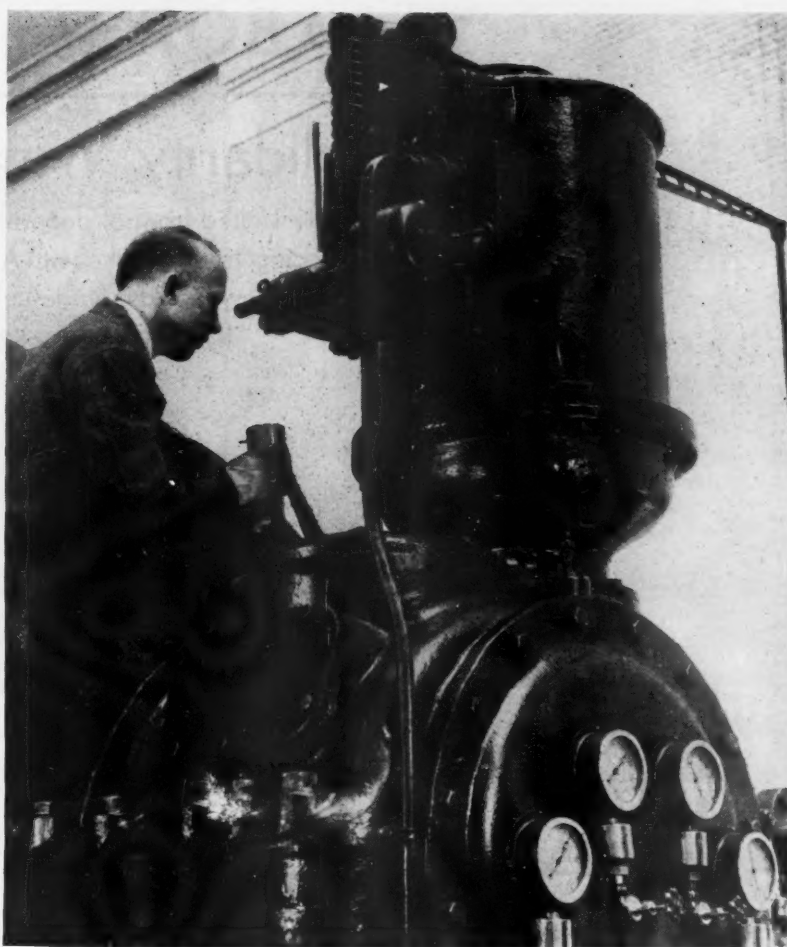
Others regard the Sun boost as a "balloon." If the big 50¢ rise doesn't "take," these observers say, Sun may be willing to cut its price to meet any compromise increases that may be put forward by other companies.

#### MORE TANKERS—SLOWLY

The battle for tankers, aimed at increasing the supply of crude oil to East Coast refineries, is gaining momentum. But it may well be another matter of "too little, too late."

In the past week more than 100 large tankers have been "dug up" and made available for sale to the oil industry. The U. S. Maritime Commission has put on the block 51 Liberty tankers (5,000 bbl. capacity), which now are in the reserve fleet. In addition, the Navy has started to withdraw 50 military-type tankers from lay-up. They will be repaired and used to replace commercial-type ships now carrying oil for the Navy. But it will be months before they all are in service.

Decision on disposition of 64 T-2 type tankers which the commission last summer earmarked for sale abroad still is in doubt (BW—Nov. 8 '47, p. 22); the Justice Dept. has yet to rule on whether the ships should be sold to foreigners or whether they should be held for sale to Americans.



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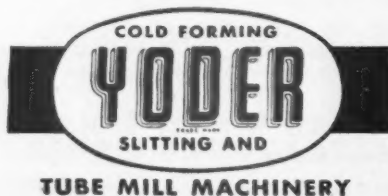
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## LABOR

### Solidarity Wins in Pittsburgh

United front of department store operators gets the credit for ending 16-day strike with A.F.L. teamsters' union. New contract gives employers advantage in bargaining.

Pittsburgh is one of the nation's strongest union cities. Labor's influence on Pittsburgh industry carries over to the retail front. This makes its department stores highly vulnerable to labor troubles. For this reason Pittsburgh department store operators could find their recent victory over labor doubly sweet.

Pittsburgh's 16-day teamster strike ended in a settlement that the employers would welcome at any time. Coming in the Christmas rush, it seemed like a miracle.

• **Demands**—Warehousemen, members of A.F.L.'s teamsters, walked out in support of these demands: a 25¢-an-hour wage increase, pensions, welfare benefits, and liberalized vacations. When they walked back they had: a wage increase approximating 15% (around 15¢); no pensions or new welfare benefits, and three-week vacations for employees with 20 years of service.

But the cream on the employer cake was the term of the new contract. It will run for 15 months with no reopenings. From now on negotiations will be held in February, not November. Every retailer knows that the time of year can make all the difference in his bargaining position.

• **Formula**—Pittsburgh department store operators credit their triumph to a simple formula: solidarity. Merchandising in the Steel City is as sharply competitive as anywhere else, but in the face of labor trouble the stores stand to-

gether in their Labor Standards Act.

In the strike of the A.F.L. warehousemen, the merchants' solidarity got the test. Not only did the temptation to break ranks have to be overcome, but the geography of unionism in Pittsburgh made cooperation difficult.

• **Union Jig-Saw**—All of the city's department stores except Kaufmann's had the teamsters' union in their warehouses. Kaufmann's has the C.I.O. Some of the stores with A.F.L. warehousemen have C.I.O. salespeople. Kaufmann's has the A.F.L. retail clerks' union in the store. All the stores made deliveries with A.F.L.-manned trucks.

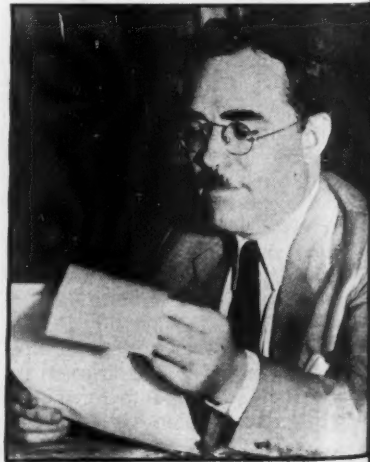
When the strike started, A.F.L. pickets paraded before each store except Kaufmann's, where the C.I.O.-organized warehouse kept operating. A.F.L. clerks refused to pass the picket line. Gimbel's and Horne's began hiring replacements. Before the strike ended each had hired more than 1,200. They are keeping the bulk of them on as Christmas extras. Meanwhile, no delivery trucks moved out of the picket lines.

• **Kaufmann Move**—Only Kaufmann's was not affected. But its management felt that its unimpaired operation threatened the united employer front. So it announced that a purchase made in any other Pittsburgh store would be delivered by a Kaufmann truck. The union was caught off-balance by Kaufmann's action. It had assumed that Kaufmann's enviable position would be

### LATIMER IN NEW ROLE

When U. S. Steel and the C.I.O. steelworkers union discuss health and welfare plans early in 1948, a familiar figure will be cast in a new role. Murray W. Latimer, former research director for the President's Guaranteed Wage Study (BW—Feb. 15 '47, p100), will be consulting economist for the union.

Latimer recently went back to private life as an industrial relations consultant, located in Washington. He will specialize on pension and retirement systems, group insurance, guaranteed wage plans, and health, welfare, and medical care programs. Services will be available for management or unions, separately or jointly.





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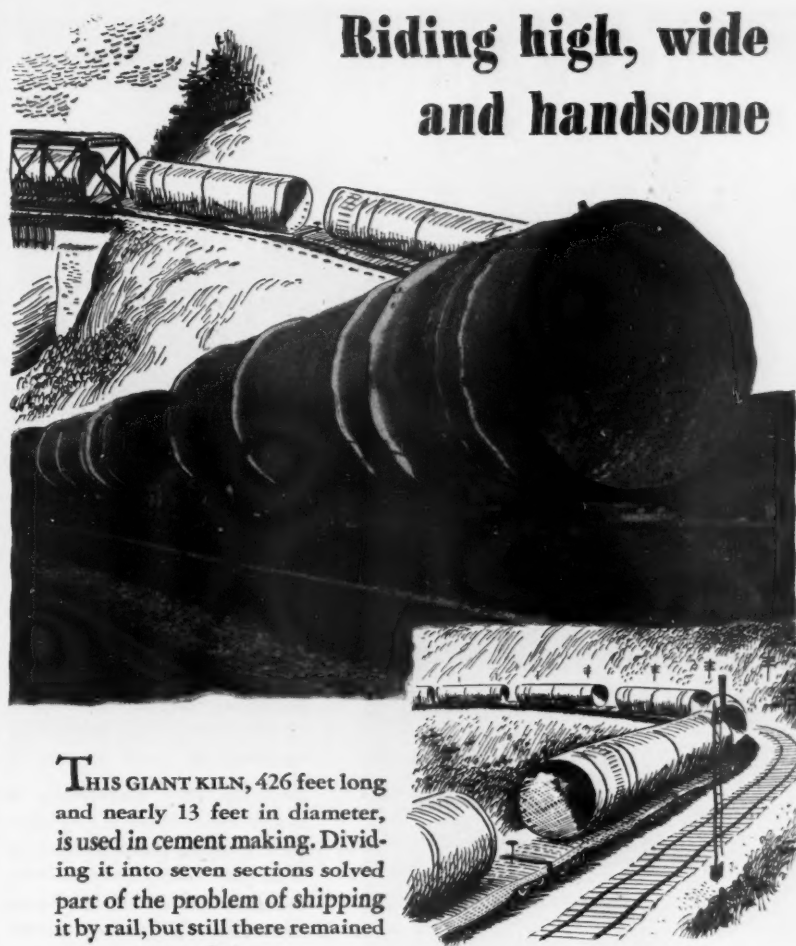
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voited to capture business from the  
ck stores. It figured that this would  
ease the pressure to settle on the  
on's terms.  
Now the union decided that Kauf-  
nn's was looking for a fight. The  
msters' first reaction was to pull  
ckrein. They would go to the post  
h Kaufmann's in their own sweet  
e—not Kaufmann's.  
**Throat-Cutting**—For the first full  
of the strike, A.F.L.-driven Kauf-  
nn trucks delivered every store's  
ackages. Then an international repre-  
ative of the teamsters stepped in to  
p the drivers from cutting the  
ats of brother warehousemen. The  
on's new position was that Kauf-  
nn's trucks would haul Kaufmann's  
chandise—and no one else's.  
Kaufmann's replied that what went  
o its trucks was none of the union's  
usiness. It loaded its vans with pack-  
s from every store in town. A.F.L.  
ers reported for work, but refused  
take the trucks out. Then Kauf-  
nn's charged the union with an  
egal strike in violation of contract.  
ackages at all were delivered.  
**Solid Front**—This demonstration  
ided the employer front together for  
eps. After going through the motions  
another two weeks, the discouraged  
on negotiated a settlement.  
The strike and its outcome were a  
vel experience for Pittsburgh. The  
ect lesson of the manifest advantage  
employer cooperation wasn't lost on  
agement. But some observers  
ought they saw a more subtle lesson.  
ing a bona fide economic strike in a  
hot union town, it had been pos-  
le to hire a couple of thousand em-  
ploys to work at what the union calls  
ikebreaking jobs. Apparently some-  
ing has changed—at least on the  
Pittsburgh sector of the nation's labor  
nt.

#### USED IN UNION DRIVE

The Taft-Hartley requirement that  
ions make financial statements has  
eated a new union organizing tech-  
que. Its theory: Workers may not be  
le to analyze statements, but they're  
pressed by big figures. Hence they  
ve toward the stronger union in a  
isdictional test, or buck the bosses  
ore readily if a big-money union asks  
eir support.  
The first union to adopt the new  
chnique on a broad scale is C.I.O.'s  
extile Workers Union of America.  
W.U.A. has been faced with bitter  
mployer resistance, particularly in the  
uth (BW—Oct.25'47,p19). It also has  
d to cope with organizing efforts of  
smaller A.F.L. competitor, the  
nited Textile Workers.  
T.W.U.A.'s answer has been to issue  
comparative financial statements. Pro-

## Riding high, wide and handsome



**T**HIS GIANT KILN, 426 feet long and nearly 13 feet in diameter, is used in cement making. Dividing it into seven sections solved part of the problem of shipping it by rail, but still there remained the question of clearances.

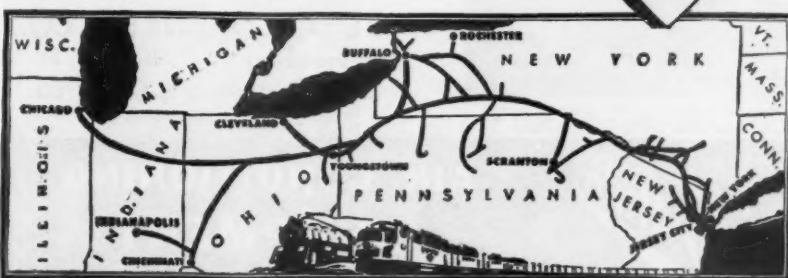
Would its size permit passing freight cars on adjacent tracks and through bridge openings? Clearance engineers assured the manufacturer that it would—*if shipped on the Erie!*

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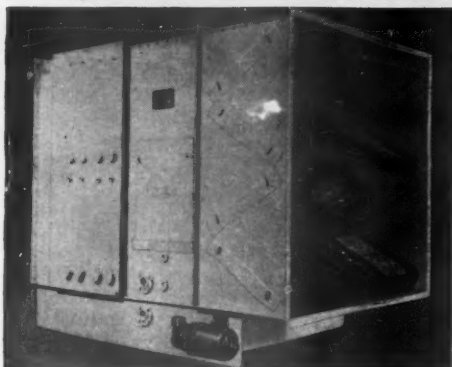
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Architect

Raymond Loewy  
Associates, N. Y.  
Designers

Edward E. Ashley, N. Y.  
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Frank Messer & Sons, Inc.,  
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spective union members, employers, and the public in Elizabethton, Tenn., other textile towns have been given chance to see T.W.U.A.'s book strength to compare it with that of U.T.W.

T.W.U.A. claims total assets of \$134,779, and a net worth of \$1,047,111. It says its A.F.L. rival's published report shows \$28,157 in assets, and "optimistic" net worth of \$7,832. Those who are hesitating about choice of a textile union, T.W.U.A. statisticians break down U.T.W.'s financial statement in detail—with as analytical scalpel as that used by banks on hopeful loan applicants.

## Leftist Mop-Up

President Walter Reuther tightens U.A.W. control by further purge of rivals at executive board session.

Walter Reuther has just about wiped out left-wing influence in his C.I.O. United Automobile Workers. Topping-up was done at a session of the union's executive board which ended this week. This achievement virtually throttles the voice of left-wing elements on the administration level of the world's largest union.

The simplicity with which Reuther and his lieutenants have been able to purge U.A.W.'s administrative staff of pro-Communist and hostile elements leaves them under no illusions. They realize that cleaning out the opposition in the field will be a more difficult job. That will not, however, blunt the determination with which they are now dressing themselves to that task.

- Major Surgery—The Reuther board moved to cut out one of its most lingering sores. Its scalpel: naming an administrator for Allis-Chalmers Local 248, which a disastrous strike had nearly wrecked. By naming Duane Greathouse to take over the local, the board silenced reports that puppets would be installed in jobs held by Robert Buse, president and other officers. They had resigned rather than sign non-Communist affidavits.

Greathouse came up as a Reuther lieutenant from the shops of Pressed Steel Car Co., Chicago. He became the Chicago regional director at the union convention after a sectional fight against incumbent Joseph Mattson, allied with the left-wing.

- Fails To Act—But the board took action on a somewhat similar, perhaps more complicated situation—that of Ford Local 600, where five officers have refused to sign the affidavits. This position ran counter to the orders of the council of the 60,000-man local. The

employers, and evidently was giving the council a chance to take action of its own before moving in.

But in another case the board moved to try a salvage operation, as it had in the Allis-Chalmers case. This latter instance was Detroit Garage Mechanics Local 415, kept alive in recent weeks by strike fund transfusions from the international. Its strike exists today only on paper.

**Superseded**—Business agent Ray McConroe, controversial center figure in the mechanics' strike, was superseded by Joseph McCusker, new Detroit west regional co-director. McCusker takes over as special administrator, with authority to move as he chooses. There is some belief that the mechanics' strike would gradually be pigeonholed while more important moves were being made.

One of these moves, quite definitely, will be the study by a nine-man committee of forthcoming wage and contract policies. This committee, headed by Reuther, includes two of the four left-wingers still on the 22-man board. It is expected to act as Reuther wishes. The details of its program will likely be fashioned between now and early next year, when wage reopening negotiations will come up on the calendar.

**Program Clew**—Some clew to the Reuther long-term program may come out of forthcoming actions by Kenneth Bannon, head of Ford Highland Park Local 400. Bannon recently was named director of the U.A.W. Ford department. This is because Bannon, a Reuther choice, will implement the first program Reuther has fashioned out of General Motors.

The new Ford department head is 33 years old. He is intensely operative conscious—as proved by his establishment of the first union local here to sell goods at cost to beat rising mail prices (BW—Sep.20'47,p100). A vigorous bargainer, he led the fight against the recently defeated Ford pension plan, on the ground that the workmen needed pay raises now more than age security later. But he indicated at the same time that he favored pension plans more completely paid by the company.

**Housecleaning**—Estimates were heard during the meeting, meanwhile, that about 200 left-wing appointees had been kept out of their jobs since the Atlantic City triumph of the Reuther wing. The most notable casualties were Maurice Sugar, \$25,000-a-year general counsel of the auto workers; Irving Richter, Washington representative; and James Wisheart, research director. The research post has been given to Nathan Weinberg, formerly of A.F.L.'s International Ladies Garment Workers and the War Production Board. The other two jobs are still temporarily unfilled.



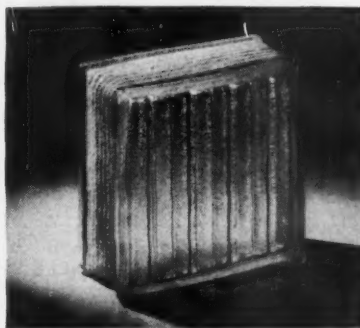
Diesel Engine in for maintenance at the Insulux-lighted repair shop of the C. B. & Q. Railroad, Clyde, Ill. Panels of Insulux

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**NEW CARPENTERS** are being trained through management-labor cooperation. . .



**... AND NEW BRICKLAYERS** are being taught craftsman-like work for future jobs.

## Boom in Apprentice Training

Industrial management joins hands with labor to meet shortage of skilled craftsmen. Problem of schooling trained workmen of tomorrow is being handled through U. S. Labor Dept. program.

Industrial management and unions haven't seen eye-to-eye on many things during the past decade. But they seem to be reaching a common ground on one important industrial issue—apprenticeship, the training of skilled manpower for tomorrow's needs.

Industry has set its sights on record peacetime production, but it has found that there is a dearth of the skilled workers needed to reach high goals (BW—Nov. 8'47, p23). This has focused at-

tention on the danger of curtailing apprenticeship-training programs.

• **Substitute**—Such a curtailment during the depression years and during the war—when young manpower was drained out of industry—is now being felt. Particularly during the war, when high military production was required, on-the-job training and other substitutes for formal apprenticeship programs were in wide use.

These were successful for training

petent machine operators, but they produce skilled machinists. And they turned out work crews were able to use hammers and saws rough jobs, they didn't produce fine craftsmen.

**Together**—Both management and workers have become increasingly conscious of this. After a caustic exchange of charges—that union apprenticeship rates are too high; that management-trained workers trained willy-nilly to the labor force—bosses and unions began to get together in 1946 and early 1947.

The coordinating agency was the Apprenticeship-Training Service of the U. S. Dept. of Labor. ATS was established in 1937, by the Fitzgerald act, to promote the furtherance of labor standards of apprenticeship. It works through the Federal Committee on Apprenticeship, national joint labor-management policy-making body on apprentice training, "to bring together employers and labor for the formulation of programs of apprenticeship."

Result in the past year, according to William F. Patterson, ATS director, has been "an amazing response on the part of employers and labor in carrying out [ATS] objectives."

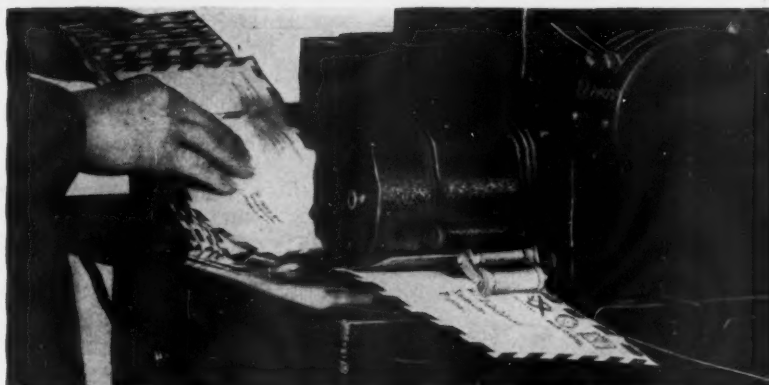
**Trend**—Figures released last week, showing an all-time high for the number of apprentices in the building trades (ENR-Nov. 29 '47, p22), indicate the general trend. Efforts to get an expanded apprenticeship program were concentrated in the construction industry first because of the lag in housing and other building projects. Craft unions, under pressure as bottlenecks for worker training, had requirements. It was a matter of public relations, and a result of a careful economic study.

Union surveys had showed the average journeyman was in the upper fifties, so that accelerated construction probably will continue for another 10 to 12 years. It wasn't hard to figure that there would be room aplenty for increasing the number of apprentices. Management was anxious to cooperate; so was the government.

**Problems**—Top-level construction industry apprenticeship problems are handled through a General Committee on Apprenticeship. Members are elected in equal numbers from representatives of national contractor organizations and from unions.

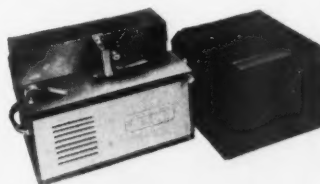
National joint committees have been established in 13 building crafts, and have set up codes of apprenticeship standards for each industry. These are available guides for local or area committees. Such matters as wages, number of apprentices, and training programs must be adjusted to the needs in different communities.

**Growth**—The metalworking industry has been active in expanding ap-



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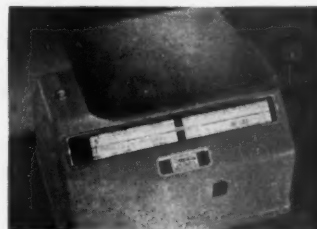
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prenticeship training during the year. Individual plant apprenticeship programs, mostly in the metalworking trades, tripled during the year. Cooperation between management and the International Assn. of Machinists (independent) has been notable.

Most recent example: Jewelry manufacturers found that work was being hampered by a shortage of trained room craftsmen. I.A.M. was called in and union representatives and spokesmen for 37 jewelry firms talked the situation over. Result was a new and expanded apprenticeship program set up jointly in Providence, R. I., with trainees.

The apprentices will undergo a six-year training course in plants and, using the facilities of a Providence high school in classes. Academic work will include 144 hours of training each year in shop mathematics, blueprint reading, drawing, properties of metals, and care of tools. Instructors in classes will be from I.A.M. journeymen.

• **Carriers, Too**—Significant advances in apprenticeship training programs also have been made on three major railway systems: the Union Pacific, the New York Central, and the Western Pacific. Railroad brotherhoods and unions have cooperated.

Plans are now in the works for extending the program to other major carriers.

• **Not All Rosy**—Despite the progress that has been made in many industries, apprentice headaches haven't been completely removed. Many employers, particularly of craft union members, still complain that unions aren't licensing enough apprentices. For example, printing employers severely criticize the International Typographical Union (A.F.L.) for a current shortage of line type operators. In other industries there are protests against the length of the apprenticeship period—and against union rules which provide that apprentices may not move ahead on a basis of aptitude, but only on set time schedules. And many employers complain against the practice of limiting apprentices to a union-picked group and passing over others who show promise of developing into good craftsmen. The bosses say the ones picked are often relatives of union members.

ATS would like to cope with these problems, but currently it's keeping busy enough with expansion plans.

• **Advance**—ATS records show that, in all, 113,089 establishments are now participating in apprenticeship programs. This represents a gain of more than 80% in the past year. Of these, 61,066 are in the construction industry and 52,028 are in other industries.

No reliable figures are available on the total number of apprentices because reporting is poor in the nonconstruction



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ATS has a figure of 183,000 apprentices—but it thinks that's too low. There are 109,738 apprentices in construction alone.

Most establishments (84,721) participate in group apprenticeship plans. Other 28,368 have their own individual plans.

Ohio leads the nation in the total number of programs. Close competitors include California, Pennsylvania, Wisconsin, Michigan, Illinois, New York, Texas, and Virginia.

**Credit**—ATS credits most of the progress made in its tenth year to an increased willingness by labor and management to cooperate. But it doesn't overlook another big factor—the boost given to apprenticeship training programs by the educational-aid clause of the G.I. Bill of Rights. A recent check showed that between 80% and 85% of new apprentices are veterans. Almost this year have gone to wearers of the ruptured duck.

Currently, ATS is working for further expansion of its program. It wants other industries to follow the lead of the construction industry in setting up regional and craft committees. It would like to see more state apprenticeship committees such as that which has worked so well in Ohio.

At the same time, it doesn't want to let apprenticeship training expanded haphazardly.

**Lack of Data**—The last census of skilled workers was taken in 1940, according to ATS. There is no record of how many craftsmen have retired since then, how many have died, and how many have left their trades for other reasons. There is a similar lack of records of additions to the skilled labor force. ATS would like something done about this.

Its recommendation: an annual study of the number of skilled men in every trade, their average age, the rate of loss of workers to the industry, the number of apprentices in training, an estimate of volume of production, building, and service to be required over a period of years, the number of skilled workers and the number of new apprentices needed to keep a stabilized, adequate skilled work force.

**Sponsorship**—Such a survey would be made in every area and every community by joint labor-management apprenticeship committees or, where none exists, by employer organizations or unions. State and federal apprenticeship agencies would help.

"After the facts have been marshaled," says Patterson, "the necessary number of apprentices should be hired and trained. Thus each industry could be sure of keeping its ranks of apprentices properly filled—without being overmanned or undermanned."

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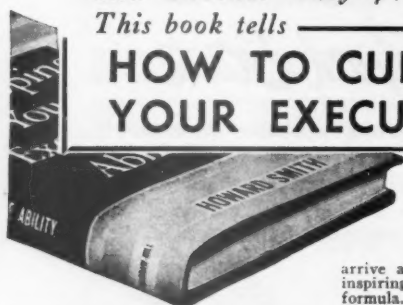
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**WHEN I.T.U. QUIT JOBS** on Chicago newspapers after a strike vote . . .

## I.T.U. Showdown

Typographers strike Chicago papers to back their demands on conditions of work. Publishers take case to NLRB.

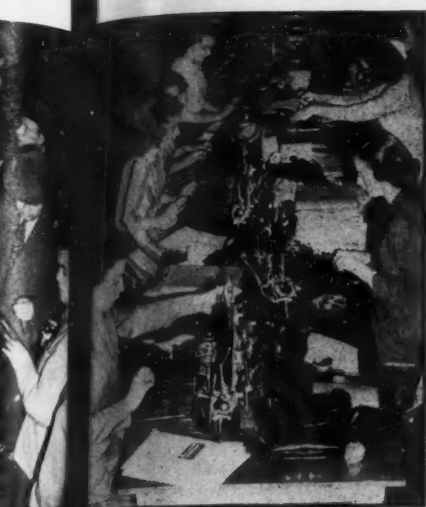
In Chicago this week, the cards are down in the biggest union-against-management case to come up yet under the Taft-Hartley law. Printers from A.F.L. tightly organized International Typographical Union walked off their newspaper jobs to back up their union standard demand to publishers: Compromise with wage scales and conditions of employment as they are posted by the union.

Similar tests appeared in the making elsewhere. The Detroit I.T.U. local filed strike notices against newspapers as talks on demands deadlocked. In Washington, publishers heard rumblings of a possible walkout by the Columbia Typographical Union.

• **At Stake**—The same important issues are involved in each dispute.

The one currently attracting the most attention is I.T.U.'s demand that employers hew to a closed-shop policy. Contracts which provide that only union members can be hired are outlawed under the T-H law. I.T.U.'s answer is to refuse to sign contracts. Henceforth, according to I.T.U., conditions of employment will be posted at every shop. Union members will be required to work only as long as boss stick to the I.T.U. rules (BW—Sep. 6'47,p84). One condition will be that no union member can be made to work with a nonunion printer.

• **Bought Harmony**—Where employers have bowed to I.T.U.'s no-contract policy.



Typists took over "typesetting" for photoengraved editions

other issues have been quickly worked out. Agreements on wages and other flexible conditions of employment have been reached in Boston, Buffalo, Kansas City, and other cities—always without a formal, written agreement.

I.T.U.'s solid front on its no-contract policy was broken at only one point. The Akron (Ohio) I.T.U. local stood against president Woodruff Randolph of the international union, signed a contract with its bosses. The contract provided that management shall employ members of the union—but did not run afoul of the T-H law by specifying that only I.T.U. members may be employed. I.T.U.'s international officers promptly lashed out at the local's "denial of union principles."

Crux—Publishers in Chicago, Detroit, and Washington have offered to bargain wages, hours, and other economic issues. But they have refused to recognize "mandated" conditions of employment proposed by the union. They want a written contract, as before, and they want to delete any clauses which are illegal under the T-H law.

The Chicago Publishers Assn.—which represents the struck Tribune, Sun, Times, Journal of Commerce, Daily News, and Herald & American—last week took its case to the National Labor Relations Board. It charged that I.T.U. refused to bargain and tried to put into effect a "mandated" wage scale. Similar unfair labor practice charges already are on file with NLRB from the American Newspaper Publishers Assn. and the Baltimore Graphic Arts League (W-Oct. 25 '47, p102).

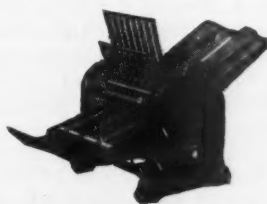
Papers as Usual—Chicago papers continued to appear on the streets despite the walkout of their 1,500 printers. Mototype batteries, operated by I.T.U. members, stood silent, but girl typists drafted from newspaper business of-



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BUSINESS WEEK • Dec. 6, 1964

# INTERNATIONAL OUTLOOK

BUSINESS WEEK

SEPTEMBER 6, 1947

SERVICE

Stalin's "Fifth Column" in France has marched up against a wall.

The Commies figured they could paralyze French life by calling a general strike.

But the Schuman government wouldn't give. And it looks now as if the Red leaders made a mistake in seeking a showdown.

Schuman checked the Communist challenge by two bold moves:

(1) Using force to break up mass picketing and sitdown strikes.

(2) Tossing the Communist deputies out of the Assembly when they tried to halt debate on his new labor law (BW-Nov. 29'47, p79).

But the new French premier first made a bid for a wage settlement. He announced a general increase of \$12.50 a month and offered to negotiate other demands when the strikes ended.

A back-to-work movement among non-Communist workers was a big help to the government.

Strong worker opposition to the strikes came because:

(1) Communist leaders called strikes before negotiating and often without consulting the workers.

(2) Many workers dislike Communist use of the C.G.T. (General Federation of Labor) to sabotage the Marshall Plan.

(3) The Socialist wing of the C.G.T. showed effective opposition.

The Communists will probably have to accept the government's terms.

This blow won't deprive them of control of the C.G.T. but they have lost the strength to bring the French economy down in ruins.

And, by next year, the Socialists hope to sit in the driver's seat of the C.G.T.

Secretary Marshall will probably be home from London soon. He's getting nowhere with Molotov.

But Marshall's return, even if it's sudden, won't mean a clean break with Russia over Germany.

The one thing the London meeting is proving is this: Neither Russia nor the western bloc is ready for a permanent German partition.

So you can look for another foreign ministers meeting in the spring. This session of the Big Four poker game will be held in Paris.

Meantime, the status quo in Germany doesn't cost Russia anything. Stalin hasn't earmarked any rubles for rebuilding his zone.

So Molotov figures it's worth stalling if he can score in the propaganda war. At London he has already chalked up a neat point with his audience in Germany by calling for a German government first, a peace treaty afterward.

The Kremlin knows that a delay may mean a stronger U. S.-British zone. But Stalin counts time on his side in the long-run struggle for Germany.

Prospects are good for higher output in the Ruhr this winter—if the weather isn't too severe.

Production of hard coal is far ahead of a year ago.

Output in the Ruhr averaged 275,000 metric tons in the first 18 days

# INTERNATIONAL OUTLOOK (Continued)

**BUSINESS WEEK**  
**DECEMBER 6, 1947**

of November. On Nov. 17, it reached 283,000 metric tons—a figure within striking distance of the year-end goal of 300,000 metric tons a day.

The ITO Conference at Havana won't get down to business until next week.

But it's already clear that the hottest debate will be over the "undeveloped countries" issue (BW-Nov. 15 '47, p109).

A compromise at Geneva left it this way: Economically backward nations could use import quotas to protect infant industries only after a green light from the ITO.

Now Mexico and several other countries want to get around this. They want the right to slap on the quotas on their own say-so.

There's a good chance that a really strong anti-U. S. bloc will be formed. If Argentina gets on the band-wagon, a number of Latin American delegations might join, too. And the Arab countries would be a cinch.

The Arabs are incensed at the U.N. decision to partition Palestine. They blame the U. S. in particular.

The U. S. will strongly oppose a real change in this part of the Charter. But don't be surprised if we lose some ground.

Figures are now available on uranium exports from the Belgian Congo.

The 1945 picture was this: The Congo exported 9,769,000 kilos of uranium; all of it came to the U. S., at a cost of about \$1.9-million.

In 1946, exports dropped to 6,253,000 kilos. Of this total, 3,654,000 came to the U. S. and the rest went to Britain. This time the Belgians got \$9.6-million. They had boosted the price about eight times.

Argentina is getting 1,500 Canadian-built flat cars for its railways.

The cars were supposed to be war aid for Russia, but the war ended while they were still in Vancouver.

Henrik Mannerfrid, Inc., New York, is handling the deal.

Mannerfrid recently paid \$3.3-million to Canada's War Assets Corp. for the cars. Conversion charges (Russia uses a wide gage) will bring the cost up to \$6.3-million.

Conditions in China have reached a new low.

Business Week's representative in Shanghai reports that business confidence in the Chiang government is just about nil.

There's a chance the Nationalists' capital will be shifted from Nanking to South China. That's how serious the Communist threat is.

Pan American World Airways and Northwest Airlines are both bidding for the chance to operate internal air services in Japan.

Gen. MacArthur's HQ has forwarded the applications to Washington. MacArthur figures an internal airline will be a help to trade (page 121).

But Washington can't decide the question all on its own. If the Japanese are to have air services, other occupying powers may want to get cut in.

Northwest says it will go along with a joint operation. Pan American prefers to play it alone. And the State Dept. wants to postpone a decision until a peace treaty fixes the whole future of Japan's commercial rights.



# BUSINESS ABROAD



TOKYO SHIPS some goods to U. S.—but not enough to restore trade balance

## Japan's Exports Fail to Hit Par

Traders clean out available goods; but prices and exchange rates hinder buying. Basically, production stumbles along at too low a level to get nation back on feet—and off U. S. relief.

TOKYO—When private trade with Japan was once more opened up to foreign businessmen on Aug. 15, no one took a very cheerful view of the prospects (BW—Jul. 26 '47, p93). Subsequent events have justified this pessimism.

During the first three months of business, foreign traders signed contracts for only about \$5-million worth of Japanese goods. Unimpressive as this may seem, it is just about the best that Japan can do now. After the traders were in Japan a few months they had cleaned up pretty nearly everything the country could offer in the way of available goods.

**More Selling Than Buying**—Actually, the foreigners have been selling the Japanese somewhat more than they've been buying.

This has an added significance: The private traders have been supplying Japan with some of the critical items which neither SCAP (Supreme Com-

mander for the Allied Powers) or ESS (Economic & Scientific Section of SCAP's Foreign Trade Division) has been able to buy on the world markets. These include badly needed hides, wattle bark, quebracho, rayon pulp, mica, and wool.

Salt is a good example of what private trade can do for Japan. Normally Japan gets its salt from the Red Sea and China. But because of a shortage of ships, receipts from there have been slow lately. So one enterprising trader brought in 50,000 tons of salt all the way from Italy because he could insure quick delivery.

**Prices Are Drawback**—Of course, red tape hampers the dealing of foreign traders, who must work through SCAP and the Japanese government's board of trade, Boeki Cho (BW—Oct. 18 '47, p114). But red tape—which has been cut in spots anyway—is hardly responsible for the low export record.

A big roadblock is high prices. Though the traders have bought up just about everything they could lay their hands on in Japan, postwar prices are still way out of line. Japan is caught in a squeeze play by the inflation in the world prices for raw materials, which it must buy abroad. So Japanese manufacturers can no longer undersell in foreign markets as they once did. Boeki Cho has even had to cut its original prices in some instances (wool gloves, for example) or be priced out of the market.

**• Money Trouble**—Another trade drawback is the fact there are no fixed foreign exchange rates.

But nothing is likely to be done about it for some time. Both ESS and the Japanese government say that to fix the rates officially now would only make a worse mess of the country's battered economy.

Some traders are afraid that, when the government does get around to fixing the exchange rates, it will set them too high. If so, these men warn, Japan will be just about frozen out of world trade.

**• Production Low**—But there is still another, more basic, reason for the poor export showing: Japan simply hasn't very much to sell.

Japan's total export trade—through both government and private channels—is running at an annual rate of about \$140-million. This falls far short of what it must reach before Japan can restore its war-torn economy—and get off the American relief rolls.

Japan's crying need is coal. This year's output will be 4-million tons short of what ESS and SCAP figured was necessary.

**• Drawbacks**—Electric power is also giving Japan a headache, largely because of widespread waste.

Black markets and hoarding of essential raw materials are a plague, too. ESS field teams think that hoarding is so widespread that Japan's machines could operate for some months on what is hidden away.

Black marketeering offers such juicy prices that many manufacturers find ways to divert export goods into more lucrative domestic channels.

**• Remedy**—Until something is done about these conditions, Japan's recovery will sputter along on two cylinders. The Japanese themselves don't do much about it. Most of them can't see why they should work too hard and use up their resources. They think that the Supreme Commander won't fail to feed them under any circumstances.

Businessmen who have seen this attitude have a suggestion: The U. S. should use its relief supplies and food as an incentive weapon—to be delivered only after Japan has proven that it has done its utmost to help itself.

# Doing Business With the Japanese

Herbert H. Segerman flew over in the first wave of businessmen to get back into postwar Japan. He landed there on Aug. 15 for a six-week stay as vice-president of Amerex Trading Corp., New York City.

Such early visitors served chiefly as pioneers, smoothing the way for the 400 Americans who have since followed. From a profit standpoint, most of them felt a bit let down. But Segerman was able to make a good thing of his trip.

His major coup: He flew back a plane-load of mink furs.

His advice: Don't expect prewar conditions. The Japanese have very little to sell now.



1. Segerman started his rounds in a Japanese Board of Trade taxicab (\$2 an hour)



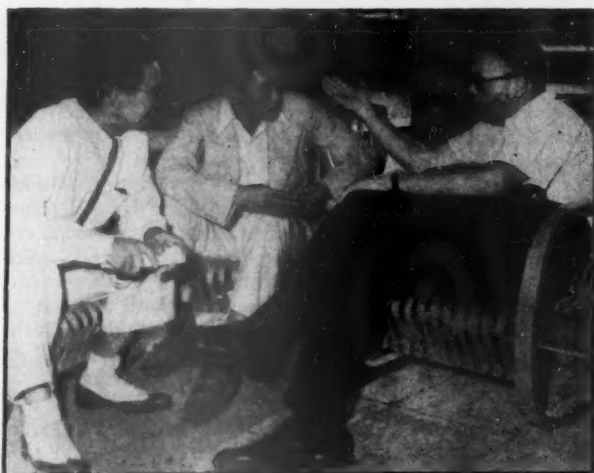
2. At luncheon with a manufacturer, Segerman examined a list of potential products



3. In the office of Japan Cotton Spinning Co. he looked over samples; curious employees looked him over. He discovered Nippon's textiles in fairly good supply



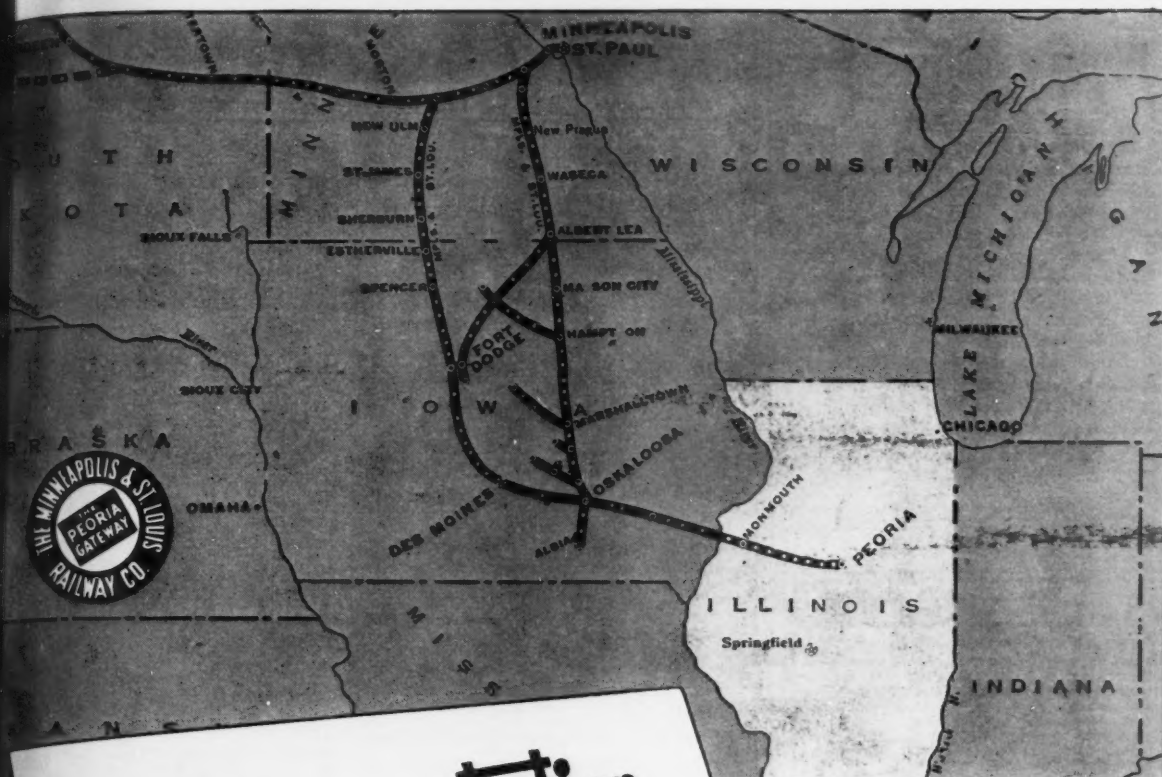
4. At the Tokio Woolen Mill he found old looms producing fair quality goods



5. At a final conference, Segerman reappointed his prewar agent, Mitsukadu Aratomi (left), who has sent furs and other goods



6. Back in his Manhattan office, Segerman showed samples of textiles and chinaware to an Amerex associate, Alexander Shaw



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MILTON L. SELBY, Secretary.

November 14, 1947.

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## STOCKHOLM LETTER

**S**TOCKHOLM — Scientists say the climate in Scandinavia is improving. This summer it improved so much that Sweden shared with the rest of Europe the mixed blessing of a sustained drought. The people found the weather ideal for vacations, so they accepted it gratefully. But they couldn't help thinking uneasily of the winter's bread rations.

As things have turned out, the Swedish breadbox hasn't suffered. True, the domestic grain harvest was only about half of normal. The government, however, has covered this country's comparatively modest needs by purchases abroad. It's the national pocketbook that has suffered; imports of grain have been eating up the export earnings.

In a cold country even the average citizen keeps a weather eye on fuel supplies. It was a pleasant surprise, therefore, when the Fuel Commission recently announced that stocks were sufficient to maintain an indoor temperature of 65° this winter. But the situation is not really so bright: Short coke supplies are still holding back steel production—and special steels have always been a profitable Swedish export. Over two-thirds of Sweden's oil imports nowadays are for industrial use. If oil supplies are cut, as seems possible, output of pulp may be especially hard hit.

The electric power outlook is still bleaker. Even at this late period (the fall is generally a rainy season) the country's reservoirs are only filled to an average of 50%.

The one company getting its full quota of electric power is ASEA—Sweden's giant producer of electrical machinery. The reason: ASEA is supplying most of the generator and transformer equipment for Sweden's power expansion program.

**T**HE HUGE CREDIT granted to Russia last year is a serious drain on Sweden's resources. It still provides a ready theme for conversation in Swedish business circles. It could become a theme of conversation between Stockholm and Moscow—if influential opponents of revision have their way.

But few people question the value of the bilateral trade treaty

which Sweden has with Russia. Unlike the credit, this trade deal is a two-way proposition. Russia is supplying Sweden with ores and other valuable commodities. A trade treaty with Poland has also been paying off; the Poles have supplied Sweden with about two-thirds of all the coal obtained since the war. The catch is: Much of what Sweden gets from Russia and Poland has to be paid for in dollars.

More typical of Sweden's bilateral deals is that with France. In exchange for pulp, lumber, and steel products, Sweden has to take wines, textiles, and cosmetics. Unfortunately, the situation is much the same with other European countries. Each wants to sell high-priced finished goods, and buy only raw materials or semiprocessed goods in return.

**T**HE IMPORT PLAN being worked out by Axel Gjöres, Ministry of Commerce, has run into heavy weather. Despite the import "embargo," September imports reached an all-time high of 549-million kronor. The big problem is how to lop off a surplus of 500-600-million kronor from hard currency countries without starving Sweden's productive apparatus of raw materials and machinery. Businessmen would prefer a dollar loan to tide over current difficulties, but the government seems set against such a loan, even if it could get one.

More and more attention is being given to plans for sterilizing the country's surplus purchasing power. To get the workers and lower income groups to accept the idea, the plan is to freeze company profits above a certain level.

The unions have announced a cautious policy in wage bargaining, and the powerful cooperatives are pressing a savings crusade with undiminished vigor. The co-ops, in fact, have become the standard bearers of orthodox finance. Despite considerable identity of membership with the unions and the Social Democratic government party, they have been severely critical of many aspects of the government's policy—including price control without a ceiling on wages.

# Prices Rolled Back

Canada gets cooperation in industry in import-control program, but consumer panic brings back some ceilings.

OTTAWA—When Canada slapped war-saving controls on imports (BW Nov. 22/47, p117), the big squawks were expected to come from industry. Instead, they came from consumers in the form of panic-buying of fruits and vegetables.

**Rolls Back Prices**—The Wartime Prices & Trade Board was about to go to work on business after decontrolling everything but rents, sugar, fats, oils, and primary steel. But last week it rolled back to life with ceilings on many fruits and vegetables. This week P.T.B. rolled back prices on these items to levels in effect Nov. 17 when short bars set off the buying panic.

The order seems to have stopped the buying hysteria. But during the rush to retail stores, prices of even such staples as potatoes doubled when housewives bought them in five-bag lots.

**Industrial Developments**—On the much quieter industrial front, there have been two conflicting developments: (1) Manufacturers rushed to Ottawa to offer to cooperate in the government's program. They promised to help production of goods that would replace imports from the U.S. or be portable for American dollars. Reconstruction Minister C. D. Howe, in charge of the program, reported many proposals from plant owners. Some came from U.S. companies with branches in Canada.

Howe went on the radio to set his mind. He said that he would distinguish between capital expenditures which would strengthen the economy and those which would add merely to casual living.

(2) Dozens of protests against import restrictions and pleas for special treatment poured in on the office of Finance Minister Douglas Abbott.

**Exemptions**—General protests got much attention, but a few errors were made in the banned lists. Amendments were made to lift bans from fiber glass lubricating oils and greases in containers larger than 25 gallons. Some exemptions from the orders have been granted on grounds of hardship.

There was the case of a West Coast confectioner who had on order \$100,000 worth of American chocolates checked to his own specifications. He had an irrevocable letter of credit out to pay for them. The confectioner got some of his chocolates, was able to market the rest in the U.S.

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# Nifty for knuckling



## ...but N. G. for sorting checks

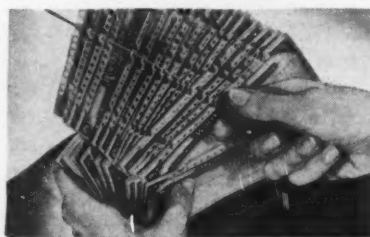
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## READERS REPORT



O'Neill



Van Horn

### Coal Men Unscrambled

Sirs:

Herewith is a copy of a letter I have sent to Mr. Charles O'Neill, president of United Eastern Coal Sales Corp.

"I refer you to page 19 of the November 22 issue of Business Week where Van Horn's picture appears with my name under it improperly spelled. I think Business Week should be told about this."

ALBERT FREDERICK KEMM

PRESIDENT,  
SENECA COAL & IRON CORP.,  
NEW YORK, N. Y.

• Indeed we should. We regret the error in confusing two prominent representatives of the coal operators. O'Neill is frequently spokesman for the northern mine owners; Van Horn is traditional chairman of the joint employment union wage bargaining conference.

### Inflation and Accounting

Sirs:

The article on page 88 of your November 15 issue is very much to the point. A corporation neither recovers its cost nor maintains its capital when 1935 dollars are replaced merely by an equal number of 1947 dollars. The depreciation of the dollar should not be misrepresented as a gain in real wealth. When dollars decline in value faster than they increase in number the result should be called not a profit but a loss.

Cost is the amount of capital sacrificed or invested, and therefore the amount which must be replaced before there can be any profit. Capital, however, is not a sum of money regardless of what, if anything, the money can buy. Rather it is a quantity of purchasing power or real wealth which is measured in money largely from habit and also because the dollar is the medium of exchange and has seemed to be the only available common denominator. The dollar, however, is a very poor measuring stick for comparing value over a series of years. Accountants should learn (as surveyors learned long ago) how to distinguish between the



inking or stretching of their stand-  
of measurement and changes in the  
of the things they are measuring.  
The solution, I think, lies not in the  
periodic appraisal or revaluation of the  
assets but rather in maintaining the  
purchasing power of the capital fund  
adding dollars to it as rapidly as the  
previously contributed dollars decline  
in value. Monetary inflation is a form  
of taxation. It is a levy on capital for  
which an allowance should be made out  
of income in much the same way as,  
separately from, the allowance for  
the tax on income. There can be no  
profit until after such allowance  
has been made.

E. STEWART FREEMAN

DENNISON MFG. CO.,

SPRINGFIELD, MASS.

A fuller explanation of this interest-  
ing accounting theory is given in a  
paper by Freeman entitled "Capital  
Value Adjustment Method for Deflat-  
ing Inflated Profits." It will be pub-  
lished in an early bulletin of the Na-  
tional Assn. of Cost Accountants. Free-  
man, company auditor and economist  
at Dennison Mfg., is a past president  
of the New England Control of the  
Accountants Institute, and a member  
of the National Assn. of Cost Account-  
ants' Committee on Research.

## Instrument Standardization

Business Week contains a brief  
article concerning the spread of stand-  
ardization in the industrial instrument  
field [BW—Oct. 11 '47, p. 56].

Among the organizations mentioned  
as sponsors of the program is the Re-  
corder-Controller Section of the Scien-  
tific Apparatus Makers of America.

The article states further: "Each  
group will set up its own standards.  
The programs will then be wrapped to-  
gether in a final setup."

This . . . is news to us, and we would  
greatly appreciate your telling us what  
group or organization is in charge of  
coordinating the individual programs in  
this manner.

KENNETH ANDERSON

SCIENTIFIC APPARATUS MAKERS OF  
AMERICA, CHICAGO, ILL.

Such coordination of the programs  
should have to be handled through  
liaison among the several companies.  
According to our information, this  
liaison has already been set up. Anker  
is the liaison man between the S.A.M.A.  
Recorder-Controller Section and the  
Instrument Society of America. Carl  
Hubbard of the Taylor Instrument Co.  
does the same job between the  
S.A.M.A. group and the American So-  
ciety of Mechanical Engineers.

## SYMBOL OF

# Security



Flood waters churn  
through the crum-  
bling levee, imprison

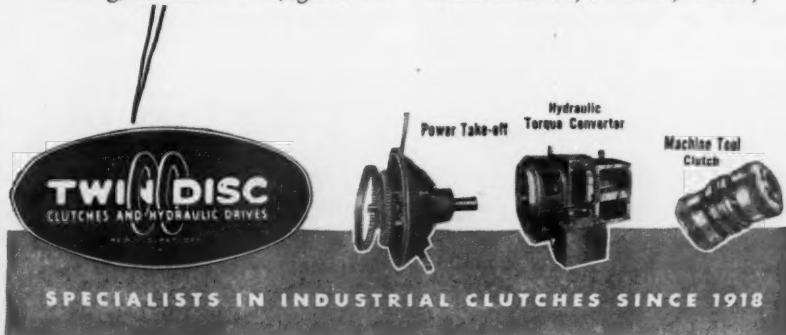
families in the upper floors of their  
homes. Life, property, law and order  
are in jeopardy. Down the street—  
in boats today—come the State  
Troopers. Symbols of Security, the  
Troopers arise to this emergency as  
to every other.

Another symbol of security—rec-  
ognized in every field where the trans-  
mission of heavy-duty power is a criti-  
cal problem—is the trade-mark of the  
Twin Disc Clutch Company. Men  
engaged in logging, construction, oil  
drilling, metal fabrication, agriculture

and fishing have learned to have con-  
fidence in that part of their equip-  
ment which bears the familiar Twin  
Disc oval.

Twin Disc Friction Clutches, Ma-  
rine Gears, Air-actuated Clutches and  
Hydraulic Drives give trouble-free  
performances. Applications specifi-  
cally suited for your operation are  
possible because of the completeness  
of the Twin Disc line.

You may obtain the counsel of  
Twin Disc engineers by describing  
your power transmission problems in  
a letter to the TWIN DISC CLUTCH  
COMPANY, Racine, Wisconsin (Hy-  
draulic Division, Rockford, Illinois.)



# THE TREND

## WILL THE MARSHALL PLAN WORK?—I

By weight we have had at least 15 pounds of expert economic reports on the Marshall program. By area, we have had enough closely spaced type and charts to paper both halls of Congress. And a remarkably good set of reports they are, too. In fact, there is only one trouble with the collection. They provide no answer for the multibillion-dollar question: Will the Marshall program really work?

In the absence of an answer, we propose to try to work out our own in a series of Trends, which will run from time to time over the next few weeks. It is a tough job—such a tough job that a provident government would have all of its expert resources mobilized to answer it. We cannot guarantee every detail in our analysis. But we will guarantee that it goes further toward an answer to the crucial question—"Will the Marshall program really work?"—than any that has been made available thus far.

• By the Marshall program we do not mean the interim relief aid for France, Italy, and Austria that is now being rushed through Congress. We mean the program involving our outlay of billions of dollars over a period of years for the 16 European nations and the western zone of Germany. That program is based in good part on Europe's own plan for self-help drawn up at Paris.

Our benchmark in trying to determine whether or not the Marshall program will work is set by those who drew up the program. Their goal: to see that the Marshall program countries recover enough, economically, by 1952 to (1) produce enough exports to pay for their imports, and in the process, (2) put their populations back on something approximating their prewar standard of living.

In order to attain this goal, Western European production, in the words of the Harriman report, "must expand well beyond prewar levels." Going back to the prewar level is not enough. There are three reasons why a higher level is necessary: (1) There are more people in the area, so more production is needed to support the local population. (2) These countries' ability to pay for imports has been lessened by a shrinkage in overseas investments—they used to provide foreign currencies as dividends to pay for part of what was imported. (3) These countries must now go overseas for food which they obtained before the war in Eastern Europe.

• All of these factors, and more, combine to make it necessary for the Marshall program countries to export more than half again as much as they did before the war—if the program is to work. To do that, and also build up shattered standards of living, production must go up all along the line. The major industrial goals were

set forth in the Special Report to Executives on the Marshall program (BW—Nov.22'47,p67).

In gaging the Marshall program's chances of attaining its economic goal, we have concentrated on the questions:

(1) Has Europe the manpower to do the production job?

(2) Are the capital resources available or to be made available adequate?

(3) Granted it can produce enough in volume for exporting, can Europe find enough markets?

• We won't hold you in suspense until the end of a series of answers to the questions. We'll tell you right now that we have grave doubts that the Marshall program, as it is now set up, will reach the economic goal set for it. We haven't been able to find enough manpower, enough capital equipment, or enough markets.

How we came by these misgivings will be explained in our series. If you find flaws in our facts and reasoning, be sure to let us know. If you don't, follow along with us while we propose changes in the program which we think are needed. And go to work on your congressional man to get this Marshall Plan set up so that it has a real chance to work. There is not likely to be a more fateful enterprise in our generation.

### Note on Business Forecasting

A friend of ours who has a phenomenal record of gaging the business future correctly dropped by the other day and remarked, "I'm getting worried. There is just too much agreement that the business outlook is lovely. The only way I can figure it is that a lot of people have stopped thinking and jumped aboard what looks like a comfortable bandwagon."

We are not yet equally perturbed by the striking unanimity on the bright business outlook immediately ahead. In fact, we don't see how it's possible to see it any other way. Even if things started to go sour in a big way tomorrow, it would take months for our jugged economy to slow down.

But for the longer pull we think our friend has a real point. It is also a point which is reinforced by the fact that the only direction our economy can take from its present state of over-full employment is down. That creates some odds that whoever predicts it will go that way will be right. By the same token it discounts the validity of forecasts of no letdown.

So take at least a little leaf from the book of our worried friend. The bandwagon is rolling. If you get on board, don't sit back and relax too long.

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